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COMPREHENSIVE INFORMATION SYSTEM

Information services provided by the United Nations Centre on Transnational Corporations to developing countries

Report of the Secretary-General

SUMMARY

The present report contains an overview of the information services provided by the Centre within the context of the overall technical co-operation programme. This programme provides advisory and training services to Governments of developing countries, particularly with respect to the formulation of policy, the negotiation of agreements and the establishment of a body of computerized information in various countries for specific purposes.

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1. At its fifteenth session, the Commission on Transnational Corporations requested the Secretary-General to present to the Commission at its sixteenth session a report on the experience gained in providing information services and assistance to developing countries towards the building up of their information capabilities with respect to transnational corporations. 1/ The present report is an account of the information services provided by the Centre to those countries in concrete cases with respect to the formulation of policy, the negotiation of agreements and the establishment of a body of computerized information in various countries for specific purposes.

2. The quantitative analyses of the use of the information system that were presented to the Commission in the annual report of the activities of the Centre and its joint units are limited to the one quantifiable element in the system - the requests for information received from outside the Centre. The statistical tables of the Centre's work activities do not show the role of information in assisting Governments of developing countries in framing policies, laws and regulations related to transnational corporations. The information services provided by the Centre furnish Governments with direct and indirect tools for promoting foreign investment, negotiating agreements, screening investors and monitoring and evaluating performance.

I. OVERVIEW OF INFORMATION SERVICES AND PRODUCTS PROVIDED BY THE UNITED NATIONS CENTRE ON TRANSNATIONAL CORPORATIONS

3. Based on the nature of each request, the Centre makes available to Member States a wide range of information, either as services or products, to assist developing countries in their dealings with transnational corporations as well as to support the local development of information systems on transnational corporations and foreign direct investment. These services and products, although overlapping in nature and delivery, can be broadly categorized into very distinct groups.

4. First, there are services of a research and evaluative nature that involve the following: information and analysis on individual companies; industries and sectors, laws, regulations and norms; contracts and agreements; individual countries' economic and political frameworks; foreign direct investment and other macro-economic issues; and policy issues (i.e., corporate responsibility, environmental protection, industrial safety, transfer of technology, transfer pricing, divestiture and debt equity swaps).

5. Secondly, there are services and products primarily meant to assist developing countries in developing their information systems. These include: information needs assessment; system design, installation and testing; evaluation and upgrading of existing systems; hardware, software and dataware evaluation and procurement; installation of information products developed by the Centre, including software applications (i.e., the "billion dollar club" data base for the management of corporate data and TRANSCIS, for the management of bibliographic data), and dataware, (i.e., numerical and textual data bases compiled by the Centre); and information centre development and management. In addition, the Centre provides

assistance in the training of government officials in systems development, in collecting corporate and industrial information and in managing information centres.

6. Thirdly, the Centre makes available to member countries its extensive collection of technical information related to foreign investment and transnational corporations. Included in the collection is a series of "how to" manuals that address issues arising from transactions with transnational corporations; a manual on information sources and services related to transnational corporations (currently in preparation); manuals on the use of the Centre's information system and its products; numerous bibliographical publications; and all publications of the Centre which provide data and analyses useful to Member States in their dealings with transnational corporations.

7. Finally, member countries have access to a comprehensive, specialized collection of directories, yearbooks, loose-leaf services, monographs and several hundred periodicals, supplemented by on-line access to all of the major business data bases world wide and to numerical data bases covering nearly 200,000 companies world wide.

II. INFORMATION SERVICES AND PRODUCTS PROVIDED AS PART OF THE CENTRE'S ADVISORY ACTIVITIES

8. Since its inception in 1976, the Centre's technical co-operation programme has been one of the main users of the information system. The other user is the Centre's research programme. Governments have requested the Centre for assistance in connection with various kinds of strategies relating to transnational corporations, including formulating or revising policies and terms, forms of participation by transnational corporations in the national economy, measures to attract foreign investment, negotiations, contracts and industrial capabilities.

9. At the present time, approximately 700 requests for information are received yearly from Governments and official institutions, in addition to indirect requests that arise in the course of advisory projects. The requests encompass the identification and selection of companies that can participate in an industrial project and the scrutiny of firms that may have approached the Government on their own initiative. They range from requests for detailed information on an obscure company that may require only a few hours' or a few days' work by a single information specialist of the Centre. A request for information on measures to curb transfer pricing practices will require the combined effort of documentalists, legal researchers, analysts and advisers to gather and evaluate all the pertinent material.

10. While the listing of information services in chapter I above is useful for illustrative analytical purposes, it should be noted that it is rare that an information request can be answered by recourse to a single one of those services. In most cases, it becomes necessary to respond to a single query with a combination of various kinds of services. Thus, a request relating to contractual arrangements can be met by the provision of copies of similar agreements, but it should also be supplemented by an analysis of contractual arrangements available in the Centre's publications, materials from other sources and, most important of all, by expert advice on the applicability of the arrangement to the particular situation.

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11. Although the nature of one request often differs from another, the information provided as part of the advisory activities often serves three major purposes:

A. Drafting or revising policies and legislation

12. Numerous advisory projects of the Centre involve drafting or revising policies, legislation or regulations concerning transnational corporations.

13. As regards broad policy formulation, many countries have found the Centre's general industry studies and analyses of contracts to be useful. These contain empirical findings which serve as a useful guide to the initiation or revision of policies. The Centre has often been asked to provide the text of foreign investment codes and other legislation regulating certain activities of transnational corporations of other countries. Sometimes the legislation is provided in its entirety to serve as a general guide to the structure of proposed legislation in a particular country. Sometimes more specific legislative information is requested. For example, a Latin American country wanted the Centre to assemble information on tax impositions in the mining sector in a representative number of developing countries. A Pacific country was interested in the royalties stipulated in respect of gold mining, while an African country sought a compendium of legislative measures for regulating the incidence of transfer-pricing in a number of countries. In responding to those requests, the Centre drew on its compilation of legislation, country profiles and other studies.

14. Often, apparently simple information requests can reveal the need for a more elaborate advisory service. A case in point was the request from an Asian country which until very recently was virtually closed to foreign investment. The Government asked the Centre for a standard mining contract between transnational corporations and developing countries. The Centre complied and submitted to the Government a documentation package comprising several mining contracts. The Centre pointed out that there was no "standard" mining contract applicable to the circumstances of all countries, and that the request showed the need for further examination of the country's legislation and the issues involved in establishing joint ventures with transnational corporations. When the Government accepted the Centre's advice for an advisory mission to make such an assessment, the Centre assembled a team of in-house and external experts in mining legislation and contracts to conduct the mission. Together with government officials, the experts reviewed the financial and legal principles underlying mining agreements. A report was later forwarded to the Government on the issues involved in participation of foreign companies in the mining sector and the relevant contractual arrangements.

B. Information and selection of transnational corporations

15. Many requests for the Centre's assistance revolve around the selection of potential foreign investors. The typical request in this regard is for a list of companies in a specific industrial sector. In response, the Centre searches its corporate data bases, containing over 9,000 transnational parents, and a major CD-ROM (compact disk-read-only memory) data base to which it subscribes, as well as numerous corporate directories available in its Documentation Unit. Occasionally, a more detailed investigation in specialized on-line data bases and reference

publications is required in order to narrow the sample of potential companies that fit the industrial sector in question. A variation of this request often reflects a local need in the requesting country for a specific type of technology. In such case, the Centre uses its access to highly specialized data bases and reference materials listing technology available for firms, research laboratories and institutions of higher learning.

16. Governments have often approached the Centre for verification of the background of prospective investors. Information provided by the Centre has assisted Governments in evaluating the financial status of the companies, their international experience, their expertise and their reputation in general. For example, earlier in 1989, a company offered to start operations in an African country. The company identified itself as a subsidiary of a major transnational corporation in the mining industry and, as part of the Agreement, was to be granted mineral rights. Acting on a request for additional information on this company, the Centre revealed to the Government that the company had no assets and had misrepresented its affiliation to the parent company.

17. Another example illustrates a variation of the problem of misrepresentation. The Ministry of Mining of an African country asked the Centre, on two separate occasions, for information on different and apparently unrelated companies that had approached it with the interest of establishing a mining joint venture. The Centre's research showed that one company involved in the first request was the parent of another from the second request. It was evident that the corporation was attempting different ways of participating in a joint venture, although no mention had been made to the Ministry.

C. Background for contractual negotiations

18. Several factors have highlighted the importance of the information services that the Centre provides as assistance in the negotiation process. In many countries, a major function of agencies screening foreign investment is the collection and analysis of data relating to foreign investment, technology and contractual arrangements with foreign enterprises. Many such agencies have increasingly improved their information capabilities, but even so, in a large number of developing countries, the information base is still weak and inadequate for efficient development of the policy and institutional framework and for negotiations with transnational corporations.

19. Weakness in the legal and regulatory framework has also contributed to this situation. Standards of accounting, reporting and disclosure are minimal in many developing countries. In most countries, there is no facility or mechanism for collecting, analysing and applying data for evaluating projects, technology and contractual arrangements. Systematic exchange of information with other countries on policies and experiences, contractual arrangements, payment terms for technology and other inputs, the operation of particular projects of interest and the like is still to make headway, even where the information may not be of a confidential nature. There is also a lack of information on international sources of data and consulting, whether such sources are international institutions or in the public and private sectors of other countries.

20. In its ultimate form, the information provided by the Centre becomes an input in the actual process of negotiating new contracts or renegotiation of existing arrangements with transnational corporations. The first step in the preliminary research undertaken before a negotiation consists of obtaining information on the financial status, objectives and past performance of a potential investor.

21. For example, the Centre has recently assisted an African country in the renegotiation of a mining agreement with a transnational corporation. The company alleged that its subsidiary in the host country was operating at a loss, thereby resisting significant fiscal impositions, while at the same time the company was a perfectly viable entity in the home country and enjoyed a respectable financial standing based on the resources of its subsidiary. The Centre provided extensive financial information on the company, depicting a more favourable financial status than it had presented to the host country. The negotiations have been completed and a fair agreement has been approved benefiting the Government.

22. In addition, the Centre is often asked to provide information on other critical areas affecting the negotiation process. In the first place, the Government must be fully knowledgeable on current price levels of both the expected output of the venture as well as those of the inputs that will go into it. The Government must also check all data produced by the potential investor; acquire additional data and cross-check it independently of the corporation; analyse the data within a set of parameters embodying national objectives and test the different changes in the forms of agreements with respect to results. Data on the current and future value of local inputs (raw materials, labour, capital and infrastructure), as well as data from the investor (technology brought into the venture, management expertise, marketing strategies and distribution networks) are often partially furnished by the Centre from its own data bases, subscription data bases and the reference material available in the Centre's Documentation Unit.

23. Occasionally, specific studies may be commissioned by the Centre to assist in the negotiation process, as was the case when an African country was renegotiating a contract with a transnational corporation for the provision of electricity to an aluminium smelting plant. A thorough research was undertaken on electricity tariffs charged to aluminium smelters world wide; the results were forwarded to the Government and served as a critical input in negotiations with the company.

24. The Centre has a substantial collection of agreements between developing country entities and transnational corporations. The collection ranges from, inter alia, joint ventures operations, financial agreements, construction agreements, licensing and technical assistance agreements. The Centre may receive a request from a Government for sample agreements in a particular sector to be used as guidelines in its negotiation with transnational corporations. The Centre will provide the Government with a sanitized version of an agreement (corporate and government names and any other identifying data have been deleted). The agreements provide the Government with information on the structure, provisions and negotiable clauses. The Centre will also furnish documentation to assist in their interpretation. The Centre advises each Government that the information submitted should only be used as reference material since each agreement reflects the individual circumstances in negotiation between a Government and a transnational corporation. 2/

III. ASSISTANCE TO DEVELOPING COUNTRIES IN THEIR DEVELOPMENT OF INFORMATION SYSTEMS ON TRANSNATIONAL CORPORATIONS: Specific cases

25. A phenomenon of recent years has been the demand for assistance in the development and management of computerized information systems. While not large in absolute terms, the phenomenon is novel, and growing. At its basis is the sharper realization by the public sector, as earlier by the private, of the substantial gains in effectiveness and productivity that well-chosen information technology delivers. The Centre provides assistance on a wide scope of issues from developing data bases to more complex information systems. In most cases the requests arise from the needs of developing countries concerning the following relatively well-defined areas.

26. In the first instance, information systems provide crucial support for decision-making processes in policy formulation towards improving the role of foreign investment and technology transfer in the host country. The areas to be covered in this respect include the provision of information on trends and impact, statistical data on the activities of transnational corporations and information on investment policies, regulations and international agreements in other countries.

27. Investment promotion is another major purpose to be served by the development of local information systems. Information that promotes the country as an attractive site for foreign investment is of increasing importance to host countries. Efforts to attract foreign investors and innovative technologies are receiving greater attention in many developing countries.

28. Information systems can also provide information critical for the negotiation process, as was discussed in the previous chapter. While some of the information can only be provided by the investor, a significant amount of data can be collected at the national and/or international level. In all cases, this information must be collected, analysed, grouped and stored in a manner that will ensure its availability and accessibility during negotiations with transnational corporations.

29. Finally, monitoring and evaluating the performance of foreign investors in a country also constitutes a major objective of locally available information systems. The monitoring authority needs to have data to determine compliance by the investor with the terms upon which the original agreements have been made. Surprisingly, many developing countries do not monitor foreign investment in a comprehensive manner. In some cases, for example, tax returns are monitored by the revenue authorities, while foreign exchange remissions are examined by the exchange authorities. Only in a few countries does a specific agency attempt to monitor the activities of foreign investors within a larger, more inclusive context. Monitoring can also provide information on the impact of foreign investment and technology transfer that is critical for future policies of the host country.

30. Thus, the nature of the information to be collected, stored and manipulated in each of these systems is varied. Even within relatively large classifications of what is technically known as data terms (such as corporate data), the needs, interests, resources and abilities of the users (that is, requesting Governments)

differ considerably. Using the examples of the first two specific country cases that are described in this chapter, the requirements for corporate information vary significantly between the first case, a centralized information centre focusing on collecting and exchanging annual reports and textual information among its branches, and the second, an agency monitoring stock exchange activities, prices, trends and compliance with corporate law.

31. For the Centre, the requests entail a management assessment of priorities and resources in order to meet present and foreseeable demand since information systems and centres bear fruit not within weeks or months, but after years of investing of efforts and resources. To highlight the contribution being made by the Centre in that area, this chapter of the report is devoted to an analysis of major recent projects for the development of information systems.

32. Another activity consists of visits to the field by Centre experts to advise on building and organizing information resources, both published and electronic, and on the supporting hardware and software. Such services have recently been provided to a government institution of a North African country.

33. The Centre has also started a programme to make its own, in-house developed data bases available on specific issues concerning transnational corporations as components of information systems that may be implemented in developing countries. One is the "billion dollar club" data base developed for corporate data, which covers financial and economic corporate activities as well as structural data on parent transnational corporations. The Centre currently collects data on corporations in the manufacturing and extractive industries with annual sales of more than $US 1 billion. It also maintains affiliate networks on about 8,000 parent transnational corporations worldwide.

34. In addition, the Centre is encouraging the exchange of bibliographic data in machine-readable form, giving references to books and articles on transnational corporations, foreign direct investment and their problématique. One such exchange is being organized with the secretariat of an organization of Caribbean Governments. The exchange is facilitated by the use by both parties of MICROISIS, a powerful information storage and retrieval software package developed by the United Nations Educational, Scientific and Cultural Organization (UNESCO). This aspect also will include the local installation of tailored software for documentation handling, and the training of local staff.

35. In its practical application, the definition of an information system on transnational corporations, therefore, depends first on the scope of the information that it will contain and, secondly, on the extent to which the user is willing to apply it. Considering those factors, the Centre's work in the area of information systems on transnational corporations has basically followed the conditions and circumstances of the user. The following examples have been chosen in the attempt to display the different circumstances and implications of each request for Centre assistance. They also serve to show some common ground in which some basic component of a larger system can be utilized in different environments. The Centre's own corporate data base is a case in point (see cases 1 and 4 below) of how a modular approach to system design can be useful in providing assistance to developing countries.

A. Assistance to an information centre in an Asian country

36. The state information centre of an Asian country that requested Centre assistance is the institution mainly responsible for the collection and dissemination of micro- and macro-economic information on trade, foreign direct investment and corporate activities. Such information eventually becomes an aggregated product to be used as a tool for decision- and policy-making.

37. The 1980s were years of great economic expansion in the country's economy. As the economy expanded, new issues arose related to data collection and performance evaluation. It became clear, furthermore, that, given the centralized and hierarchical nature of the information centre, the collection of information on all the corporate activity taking place in the country had to be approached from the angle of a uniform, standardized perspective applicable to all its branches.

38. The information centre approached the Centre with a view to utilizing its experience in the collection, structuring and systematic electronic manipulation of corporate data as a possible means for standardizing its own corporate data bases. Specifically, the information centre requested that the Centre's "billion dollar club" data base be installed in several locations in the country. A staff member of the Centre for Transnational Corporations undertook a mission to install the data base system in three locations in the country, training nearly 25 staff members of the information centre in the procedures of collecting corporate data; using the data base for their storage and retrieval; and exchanging among the different branches and central offices and, at a later stage, the Centre for Transnational Corporations.

39. The first phase of the project includes a one-year trial or pilot period, in which staff in the locations will collect corporate data; exchange it among themselves and meet again to evaluate the project's output, suggest modifications to the software and formulate co-ordination policies. A second stage is expected to expand the use of the standardized software throughout all 30 provincial branches of the information centre and possibly all city branches as well. A proposal for a joint development with the Centre of a national language version of the Centre's software is currently under evaluation.

B. Assistance to the stock exchange institution in an Asian country

40. The corporate law authority of an Asian country that requested Centre assistance is mainly responsible for the following: monitoring the country's stock exchanges; complying with corporate law; registering companies; analysing lists of shareholders and beneficial owners; preventing excessive concentration in the markets and controlling restrictive business practices (that is, monopoly control). The corporate law authority also examines annual corporate accounts, has the authority to approve prospectuses of companies, conducts research and maintains statistics on corporate activity.

41. The institution approached the Centre for assistance in computerization of the above-mentioned activities, specifically in the area of monitoring the activities

of all registered corporations, foreign as well as domestic. The reasons that prompted its request were varied. The increasing number of listed public companies was beginning to tax the institution's capacity to monitor and analyse financial activities, and the information required by management for decision and policy-making purposes was difficult and time-consuming to obtain. Furthermore, the development of an electronic data-processing system which could be extended to the institution's national and regional offices in the country and be fully networked posed a serious logistical problem, since the institution had no internal data processing systems development expertise nor significant funds for automation of such large scale.

42. A Centre staff member, together with three consultants from a major accounting firm, undertook a mission to the country to evaluate current conditions at the institution and the state of the existing infrastructure in relation to the design of an information system, examining the volume and nature of the institution's activities that could be automated, establishing the type of outputs to be required and the human resources necessary to maintain an information system on the longer term.

43. The Centre's recommendations were focused on the achievement of short- and long-term objectives. In the short term, based on the institution's high priority need to increase its capacity to register and monitor a progressively larger number of companies, both at its headquarters and at its regional offices, the Centre recommended the development of small, microcomputer-based databases on several topics which could be relatively easily be established. These data bases would include applications to store data on general companies, public companies, major shareholders, monopoly control, stock performance and stock exchange links between exchanges in the capital and in other parts of the country. The design provided for possible further expansion into the domain of minicomputers once the volume and levels of complexity of the data required it.

44. In the longer term, the Centre recommended the creation of a steering committee within the institution's administration with explicit responsibility for further application development. Once established, the steering committee would review the current automation plan and future similar projects, would propose modifications, overview their implementation and review policy issues regarding the information system. The committee would also overlook the creation of a systems management organization and design and conduct training programs in different aspects of computer science for the staff of the institution.

C. Assistance to the investment promotion agency of an African country

45. The investment promotion agency of an African country that has recently asked for the Centre's assistance is the focal point vis-à-vis foreign investment in the country. In order to fulfil its major responsibilities, the agency conducts sectoral and market studies, identifies investment opportunities, carries out feasibility studies, assembles industrial information and promotes investment both inside the country and overseas, and also develops a system to assist in the creation of joint ventures.

46. A specialized department has been established within the agency to handle the information requirements needed to carry out its work. This department is entrusted with the creation of a clearing house for sub-contracting inside the country, as well as with the creation of an industrial data base which would include sub-contracting, industrial zones, corporate information, production factors and local producers.

47. The agency is currently in the process of developing an information system to increase and facilitate the process of sub-contracting and joint-venture establishment by transnational corporations in the host country. The project calls for data bases on joint ventures; sub-contracting; industrial zones; national companies; corporate; investment and industrial documentation; and macro- and micro-economic parameters. The development of a number of the above-mentioned data bases on microcomputers has already been started.

48. The project also calls for the availability of those data bases to local and remote locations, not only to the agency's headquarters in the capital, but to the various economic regions of the country, the 17 regional directorships, other ministerial and industrial institutions in the rest of the country and eventually United Nations agencies and other international organizations overseas.

49. The current microcomputer form, however, does not provide for a feasible remote access as called upon by the program. In addition, the data bases are expected to require large amounts of storage that could exceed the capacity of a single microcomputer. The hardware and software configuration provided by minicomputers is usually more suitable to the type of problems encountered in that situation. The agency has already taken the first step in that direction by purchasing a minicomputer which has been successfully installed at the agency's headquarters.

50. However, the data processing personnel available within the agency have had limited exposure to development of large corporate data bases at a national level, especially in a non-microcomputer environment. The Centre for Transnational Corporations has been requested to provide assistance in the future development of the system. The primary aspects of its assistance will focus on the following: procuring the software and hardware required for all remote connections within the country; contracting and supervising data processing personnel with expertise in corporate and economic information systems to develop the data bases; training the agency's local and regional officials in their use and maintenance; and overseeing the installation of remote connections.

51. The program as it now stands calls for the project to be divided into two phases. The first phase consists of the design and development of the above-mentioned data bases in the minicomputer environment and the transfer of any information currently stored in microcomputers to the new systems. The second phase will consist of the installation, development and testing of the connections in the rest of the country. Upon completion of the project, it is expected that local users in the capital and in regional centres throughout the country will be provided with access to the data bases to retrieve and update the information centrally stored in the agency's system.

52. In the first part of the project, the agency will be the primary user of the information system; later the user base will be extended to include national, regional and local governmental institutions (for example, ministries of finance and commerce, central banks, etc.), existing and potential local entrepreneurs, external potential investors, professional organizations and chambers of commerce inside and outside the country. The principal means of utilization will be geared to identification of the country's potential investment opportunities in the industrial context and of potential local and international partners for the formation of joint ventures or sub-contracting agreements.

D. Assistance to the Organization of Eastern Caribbean States

53. In April 1986, a request for technical assistance was made to the Centre by the Organization of Eastern Caribbean States (OECS) to carry out a review of foreign investment policies in the organization's member countries and to make recommendations for a common policy on foreign investment and transfer of technology. Among the immediate objectives of the request was the strengthening of the organization's data base on foreign investment and technology transfer.

54. The first concern was with the storage and retrieval of information on direct foreign investment and the transfer of technology to the organization's member countries. Such information would relate primarily to investment policies, laws and regulations in the member countries. In addition, the organization envisaged the establishment of data base systems both at the national and the subregional institutional levels. The data base should supply information on policy implementation, employment, development of technological skills and the contribution of direct foreign investment to national investment, savings and growth.

55. The review, conducted by the Centre for Transnational Corporations, concluded, among other things, that the strengthening of the existing information system, particularly on investment flows and on the involvement of transnational corporations in the subregion, would provide critical support to the process of harmonization of fiscal régimes and foreign investment policies. In addition, the Centre was asked that, during the second phase of the project, it assist in formulating guidelines on contracts of transfer of technology by suggesting ways and means of centralizing, at national and subregional levels, the collection of contracts and/or contractual information in computerized form.

56. The Centre also proceeded to assist in expanding the organization's information system by integrating the standardized computerized component of the Centre's information system on transnational corporations within the context of the existing data bases at the organization's secretariat. The longer-term objective of this activity is to provide the possibility of automatic data exchanges between member countries using similar software and coding schema.

57. In this context, the Centre is currently studying the requirements and availability of financial resources to start a pilot project involving the installation of compatible software and the collection and exchange of data among the investment promotion institutions in the region.

E. Assistance for the establishment of a management information system for the negotiation and monitoring of joint ventures

58. An African country requested the Centre to institute a management information system to develop capabilities for monitoring the economic financial and management performance of companies. Companies in which the African Government has an equity interest constitute a major part of the corporate sector in terms of investment and earnings. Many are joint venture companies operating in diverse sectors of the economy and having a major impact on the Government budget. Although a number of studies have been conducted on the corporate sector in the country, there is incomplete information on issues such as subsidies, lending, capital structure, fees, dividends, interest policy and management decision and control. There has been minimal attempt to systematically monitor the performance of companies in particular joint ventures and foreign enterprises.

59. The objective of the management information system is to allow appropriate control measures to be taken, to help in identifying investment opportunities and improving company performance. The overall purpose in establishing and maintaining an information system is to ensure that government policy makers and decision makers are provided with reliable and up-to-date information.

60. An appropriate information system established within the institutional framework and operating with well-trained government officers is an essential aspect of the monitoring and decision-making dimensions. Updated information must be available for decision-making in an analysed form with appropriate forecasts. The system should be subject to continuous redesign and updating to reflect changing circumstances. The system established must take into account present data organization and availability in the developing country, including current data collection and processing arrangements. The informative range would cover the following areas: the company, the economy, finance, market production, manpower, investment and corporate legal information. The data base would provide information allowing the subsequent performance of the project to be assessed against the original plans.

61. In overall terms, the management information system would assist the Government in formulating and modifying its policies for the corporate sector. The key objectives of the information system are the following: establishment of policies with respect to foreign investment, joint venture and companies in which government participates; monitoring and control of the projects and companies in which government invests; regulation of the corporate sector; efficient allocation and mobilization of resources; improvement of joint ventures negotiations and investment decision-making.

62. The management information system will require four data sources, including (a) information from companies; (b) information from international information specialist organizations; (c) information from paper magazines, trade journals and other publications; and (d) information from surveys, market research and feasibility studies. From the Government's point of view, matters of regulation, policy-making and negotiation should be supported by the information systems. The Centre's experience in the African country showed that much of the information

available was not relevant and that much of what was needed was either unavailable or located in different organizations. The Centre determined that a relevant and efficient information system was necessary for the Government to formulate clear policies based on accurate information for investment decision-making and management control.

F. Assistance to an Asian country in monitoring technology transfer

63. The Ministry of Industry of an Asian country that requested assistance from the Centre for Transnational Corporations is, inter alia, co-ordinating all activities concerning foreign direct investment and technology transfer in the country. To promote and to expand both foreign direct investment and technology transfer, the Government has asked several international organizations for assistance. The Centre was approached to provide assistance in improving the skills of government officials in acquiring and managing foreign technologies.

64. The Centre's first task was to conduct a survey of the country's industrial enterprises on technology transfer. An international team of experts on the subject interviewed the managers of local enterprises reporting foreign technology. Data on 115 technology transfer agreements were analysed. The survey served as a basis for a workshop on technology transfer which was organized by the Centre several months later, the objective of which was to focus on current policies and practices concerning technology transfer and also to strengthen the knowledge of government officials and private entrepreneurs on related issues. The findings of the survey were discussed in detail and recommendations for guidelines of technology policy were submitted to the Government.

65. The immediate outcome of the workshop was the design and development of the data base "foreign investment and technology transfer card system" (FITTCAS). The data base, which was installed on a personal computer in the Ministry of Industry, is incorporating the necessary software and data on technology transfer agreements collected in the survey. Several Ministry staff members were trained to collect data, maintain the data base and produce the necessary reports on technology transfer in the country. FITTCAS allows for producing reports in accordance with the existing classification and code system to reflect line of business, product code, company code, country of supplier and so on.

66. Based on the findings of the experts and the recommendations of the Government, future activities will include the installation of CORIS (a data base of the United Nations Industrial Development Organization (UNIDO) for the registration of technology transfer agreements) at the Ministry of Industry as well as the country's participation in TIES (UNIDO's technology information exchange system). The access to specialized technology data bases (on-line or off-line) will be defined to improve the capacity of the authorities in assessing new technologies needed in the country's industry. It is also planned to design and develop a manual which could serve as a tool to promote, manage and monitor technology transfer. Finally, a workshop on technology information will be organized to develop capacities in managing information on promoting technology transfer, screening and assessing technologies and potential suppliers and monitoring agreements.

CONCLUSIONS

67. With the increased interest in transnational corporations world wide, there has been a virtual explosion in the information needs of host countries. Officials of those countries need information on specific industries, technologies, companies and transactions. Such information is not easily available to most countries and the Centre's inputs therefore serve a vital need. Many countries have not only sought information from external sources but have also embarked on programmes of building their own information systems on transnational corporations. The Centre has again been asked by several countries to assist in such endeavours and, although its inputs in this regard have been modest, they provide the Centre with an opportunity to participate in a meaningful aspect of technical co-operation. The benefits of such experience will in due course be made available to other countries.

Notes

1/ See Official Records of the Economic and Social Council, 1989, Supplement No. 10 (E/1989/28/Rev.1), para. 159.

2/ For example, Barrows (New York) publishes petroleum contracts and laws covering individual geographical regions. The Centre for Transnational Corporations maintains a collection of Barrows' contracts which it uses for reference to provide assistance in negotiations to developing countries.

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ACTIVITIES OF THE UNITED NATIONS CENTRE ON TRANSNATIONAL CORPORATIONS

STRENGTHENING THE NEGOTIATING CAPACITY OF DEVELOPING COUNTRIES IN THEIR DEALINGS WITH TRANSNATIONAL CORPORATIONS

ONGOING AND FUTURE RESEARCH

COMPREHENSIVE INFORMATION SYSTEM

Activities of the United Nations Centre on Transnational Corporations and the activities of the joint units established with the regional commissions**

Report of the Secretary-General

SUMMARY

The present report provides a brief account of the activities of the United Nations Centre on Transnational Corporations and the joint units established with the regional commissions since the fifteenth session of the Commission.

* E/C.10/1990/1.

** This report incorporates information on the Centre's programme of technical co-operation, which was previously presented in a separate report.

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INTRODUCTION

1. At its fifteenth session, the Commission on Transnational Corporations requested the Secretary-General to submit to it at its sixteenth session a report on the activities of the United Nations Centre on Transnational Corporations and the activities of the joint units established with the regional commissions. 1/ The present report has been prepared in response to that request.

I. EXECUTIVE DIRECTION AND MANAGEMENT

A. Planning and co-ordination

2. The Centre and its joint units established with the regional commissions implemented the programme on transnational corporations in accordance with substantial legislative authority, starting with Economic and Social Council resolution 1913 (LVII) of 5 December 1974, which set up the initial mandates of the Commission and the Centre, and further supplemented and elaborated by a series of decisions and resolutions adopted during the past 15 years by the General Assembly, the Economic and Social Council and the Commission itself. At its first regular session of 1989, the Council adopted eight substantive resolutions which invested the Centre with additional mandates relating to a number of key developmental, investment and international economic co-operation issues. The six-month work programme, which was circulated to the organizations and bodies of the United Nations system, served as a major tool of executive direction and management.

3. Further expansion of the mandated activities requires extensive efforts to maintain co-ordination with other entities and organizations of the United Nations system that undertake work in the areas of relevance to the issues and subject-matters addressed by the Commission and the Centre. Among the entities with which co-ordination is closest are the Department of International Economic and Social Affairs of the United Nations Secretariat, the United Nations Conference on Trade and Development (UNCTAD), the United Nations Environment Programme (UNEP), the International Labour Organisation (ILO), the Food and Agriculture Organization of the United Nations (FAO), the World Health Organization (WHO) and the General Agreement on Tariffs and Trade (GATT). In the course of providing technical assistance to developing countries, the Centre seeks the collaboration and contribution of the Department of Technical Co-operation for Development, UNCTAD, the regional commissions in the four developing regions, ILO, FAO, the World Bank/International Finance Corporation, the United Nations Industrial Development Organization (UNIDO) and the Commonwealth secretariat.

4. The Centre also co-operates with the International Monetary Fund (IMF) and the Organisation for Economic Co-operation and Development (OECD). In July 1989, the Centre, jointly with the Commission of the European Communities, organized a seminar at which the Centre's project proposal on the unification of the European market by 1992 was reviewed. The meeting also explored ways in which the Centre and the Commission could co-operate in the area of research and policy analysis. In 1990, this collaboration is expected to continue through the exchange of

information and research results. The Centre has completed, in collaboration with the World Bank, work related to the preparation of a handbook on international transactions in services in the context of the Uruguay Round negotiations. The main purpose of the publication is to contribute to a better understanding of international services transactions so that developing countries, in particular, might have a stronger information base and analytical support for the policy decisions that they are being called upon to make.

5. In the area of accounting and reporting, the Centre had fruitful collaboration with the International Accounting Standards Committee and the International Federations of Accountants. The Centre also undertook, jointly with the World Bank and the International Labour Organisation, a survey of accounting needs in Africa. The Centre is also collaborating with Junta del Acuerdo de Cartegena (JUNAC) in organizing a seminar on the impact of liberalization of foreign direct investment and trade on the development of services industries in Colombia. A project has also been launched to assist policy makers of the Governments of the Andean Pact countries to examine global foreign investment trends and implications for regional development and integration.

6. The Centre continued to strengthen its co-operation arrangements in the area of technical co-operation within and outside the United Nations system, in identifying technical co-operation needs, fielding experts and executing advisory, training and information services in developing countries. In Africa, in addition to the technical assistance being provided to the secretariat of the Preferential Trade Area for Eastern and Southern African States (PTA), the Centre also intensified its efforts to provide assistance to the Economic Community of West African States (ECOWAS). In collaboration with the Norwegian Agency for Development (NORAD), the Norwegian Exploration Consultants and the Ghana National Petroleum Corporation, the Centre organized an ECOWAS subregional seminar on oil and gas. The United Nations Environment Programme was also instrumental in the organization of a workshop for African countries on toxic and hazardous wastes. The Centre also continued its efforts within the context of the United Nations Programme of Action for African Economic Recovery and Development and its co-operation with the United Nations Council for Namibia. The Centre initiated a programme of training in the financial sector for the Association of South-East Asian Nations (ASEAN) under its Committee on Finance and Banking. In the provision of services, the World Bank and the United States Federal Reserve Board assisted by providing lecturers for the training workshop. The Food and Agriculture Organization of the United Nations also co-operated by providing technical assistance to the Pacific Island countries. In the development of national information systems, particularly on technology transfer, arrangements have been made with UNIDO to provide computerized registry information systems. In Latin America and the Caribbean, the Centre continued to collaborate with the Board of the Cartagena Agreement, as well as with the secretariat of the Caribbean Community (CARICOM) and the Organization of Eastern Caribbean States (OECS). The Japan External Trade Organization (JETRO), a non-profit government-supported organization dedicated to promoting economic relations between Japan and other countries, held a seminar jointly with the Centre, in February 1989, at which the growth and patterns of foreign direct investment throughout the world were discussed.

7. In 1989, the Centre continued its co-operation with the international academic community. Together with the Academy of International Business, the Centre developed a curriculum on transnational corporations in developing countries, which was discussed at the Academy's annual conference, held in Singapore from 19 to 22 November 1989. In response to the interest shown by the members of the Academy, the Centre will maintain a continuous liaison with them. Among other projects, the Centre undertook the preparation of a transnational corporation library, consisting of a series of 20 volumes of selected readings on various aspects of transnational corporation activities, written by major academic authorities in respective areas. The proposed series will be published during the biennium 1990-1991. The Centre also entered into an agreement with the All-Union Institute for External Economic Studies in Moscow, with a view to exchanging relevant research and statistical information, jointly organizing seminars and conferences and, where possible, jointly undertaking research projects on issues relating to foreign direct investment in the USSR and Eastern Europe. Finally, the Centre has maintained its close link with international business and labour communities through its participation in conferences and seminars. In August 1989, the Centre acted as host for the twenty-fourth session of the International Confederation of Free Trade Unions (ICFTU)/International Trade Secretariats (ITS) Working Party on Multinational Corporations. The participants were exposed to various aspects of the Centre's activities, including research on recent developments concerning transnational corporations, the status of negotiations on the code of conduct, the work of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting, specific technical co-operation and advisory services projects.

B. Resources

8. At its forty-fourth session, the General Assembly approved the Centre's report on its programme budget performance for the biennium 1988-1989. The General Assembly also approved section 9, Transnational Corporations, of the proposed programme budget for the biennium 1990-1991. In connection with the consideration of the proposed budget, the Centre submitted a conference room paper (A/C.5/44/CRP.2) containing full information on the experts and consultants employed by the Centre who were financed from the regular budget and from extrabudgetary resources.

9. In implementing the Secretary-General's decision on post reduction within the Secretariat, by the end of December 1989, the Centre and its joint units abolished one D-2 post, six posts in the Professional category and five posts in the General Service category. In view of the expanding legislative authority and increasing importance of intergovernmental bodies attached to the execution of the programme on transnational corporations, the above post reduction weakens the Centre's capacity to meet the diversified and complex objectives of its mandate. Under the circumstances, the Centre resorted to the establishment of several extrabudgetary posts provided by some supportive Governments and the large-scale introduction of personal computers and other electronic data-processing equipment. In addition, as early as 1990, under section 24, Regular programme of technical co-operation, the Centre has been provided with one post of technical co-operation adviser, which

will allow the Centre to strengthen its capacity in the area of providing advisory services to developing countries.

10. The possibility of the Centre meeting the increasing number of requests in the area of advisory and information services and undertaking new research and policy analysis projects will depend on the availability of extrabudgetary resources. In 1989, the Governments of China, Denmark, Finland, France, the Netherlands, Norway, Sweden and Switzerland made contributions to the Centre's extrabudgetary funds. The Centre benefited from the sponsorship by the Governments of the Federal Republic of Germany, Italy and Denmark of associate experts placed in the Centre and in several of its joint units. The input of associate experts to a number of research and technical co-operation projects reduced to some extent the negative impact of post reduction.

11. United Nations interns continued to express considerable interest in the Centre's programme. In 1989, about 50 interns were exposed to the programme on transnational corporations and assisted the Centre's staff in implementing various projects.

C. Expert advisers

12. In 1989, the Centre continued to draw on the expertise and advice of the expert advisers on a number of major activities of the programme on transnational corporations. The expert advisers made a substantial contribution to the work of the fifteenth session of the Commission. Individual expert advisers provided advice and input to the Centre's projects on joint ventures, services, and arrangements and agreements with transnational corporations and to the work on the code of conduct.

D. Dissemination of information

13. During the reporting period, the Centre expanded its efforts to disseminate information, with a view to increasing the exposure of its work and thereby its overall effectiveness. An outreach group was established with participants from the various areas of the Centre's work. The express purpose of the group was to review ways in which the Centre could better service its external constituency and improve the image of its products.

14. The Centre made concerted efforts during the reporting period to improve the quality of its dissemination of information by updating and adding to it various mailing lists. The Centre considers it important that its products should not only be of a high quality but that they reach the right audience.

15. The Centre continued to promote its sales publications, often in collaboration with the Sales Section of the Department of Conference Services. United Nations press releases were issued for all new publications and, in addition to the usual dissemination by the Department of Public Information, they were mailed to bodies and individuals likely to purchase the publication. The Centre prepared mailing

lists for this purpose. In addition, the Sales Section sent out review copies to journals that in the past have published reviews of the Centre's work.

16. Apart from press releases on new sales publications, the Centre also prepared releases on several workshops, including those on special economic zones in the USSR and accounting for joint ventures in the socialist countries. These press releases were made available to major newspapers and journals throughout the world.

17. The second public hearings on the activities of transnational corporations in South Africa and Namibia, held at Geneva in September 1989, had a major publicity component. One of the prime objectives of holding the public hearings in Europe was to give impetus to the anti-apartheid movement there, which has been less effective than in the United States in bringing about the disinvestment of its transnational corporations. Prior to the hearings, a newsletter, in three issues, giving details of the background and problems to be discussed, was mailed to approximately 4,500 journalists, universities, transnational corporations and non-governmental and governmental organizations. A video on the situation in South Africa and the aim of the hearings was prepared and disseminated to television stations throughout the world. In addition, a comprehensive package of information, attractively presented, on the public hearings was widely disseminated to an audience of some 2,500. Press conferences were held in New York, London and Geneva and there was a considerable amount of subsequent media coverage.

18. An updated list of the sales publications of the Centre as of October 1989 was prepared and disseminated. Also, a flyer on the work of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting, which was prepared in English in 1988, was translated into the other working languages of the United Nations to allow a broader global dissemination.

19. Two issues of the CTC Reporter were published in 1989: No. 27 (spring) and No. 28 (autumn).

20. A new addition to the Centre's publication programme, "Transnationals", a quarterly newsletter, was published and disseminated free of charge during the reporting period; numbers 1 to 4 were issued in 1989. The distribution for each issue was 4,000 copies. "Transnationals" draws on the research and advisory work of the Centre and targets a different readership than the CTC Reporter. The newsletter is widely disseminated to transnational corporations.

II. SECURING AN EFFECTIVE CODE OF CONDUCT AND OTHER INTERNATIONAL ARRANGEMENTS AND AGREEMENTS RELATING TO TRANSNATIONAL CORPORATIONS

A. Code of conduct

(1989-1990 programme element 1.1)

21. Pursuant to Economic and Social Council resolution 1989/24, requesting the intensification of consultations on the code of conduct on transnational corporations, with a view to resuming formal negotiations on the code, the Centre

undertook a number of activities aimed at ensuring the success of those consultations. It prepared an analytical study in which it examined macro-economic changes, new patterns of foreign direct investment flows, and changes in the structures, organizational patterns and modes of operation of transnational corporations, and assessed the impact of those changes on the need for the code and the prospects for its early conclusion. The preliminary findings of that report were discussed at an ad hoc meeting of experts organized by the Centre. The report, entitled The New Code Environment (UNCTC Current Studies, Series A, No. 16), will be published in 1990. The Centre, in co-operation with senior members of the International Law Association, organized a symposium at The Hague on 15 and 16 September 1989 to review the outstanding issues in the code negotiations in the light of recent state practice, decisions of international tribunals, treaties and other sources of international law. A compilation of the background papers submitted to the symposium will be published in early 1990.

22. Another paper prepared by the Centre analysed the interrelationship between the code standards and those being discussed in the Group of Negotiations on Services under the Uruguay Round of multilateral trade negotiations, and stressed the significance of the code as a global international framework on foreign direct investment and the activities of transnational corporations for the elaboration of an international régime on services transactions. A third paper, entitled Key Concepts in International Investment Arrangements and Their Relevance to Negotiations on International Transactions in Services (UNCTC Current Studies, Series A, No. 13), will be issued in early 1990 (see also under programme element 2.12). Both papers have been distributed at a number of seminars and meetings.

23. The Centre prepared a report on the progress made in the work on the code of conduct (E/C.10/1990/5), to be submitted to the Commission at its sixteenth session, in which it analysed a number of recent developments in economic conditions and relations of relevance to the code negotiations.

B. International standards of accounting and reporting

(1988-1989 programme element 1.3)

24. The Centre continued to prepare documentation and provide substantive services for the meetings of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting. The Centre prepared 11 reports (E/C.10/AC.3/1990/2-12) for the eighth session of the Group, to be held from 13 to 23 March 1990. The report of the Group on that session is contained in document E/C.10/1990/7. In preparing the reports to the Group, the Centre continued to contribute to efforts aimed at defining the scope for the international harmonization of accounting and reporting standards, objectives and concepts underlying financial statements, and at identifying items for information disclosure by transnational corporations. The reports deal with the review of important current developments in the field of accounting and reporting by transnational corporations at the global and national levels, as well as a survey on compliance by transnational corporations with accounting standards; accounting for environmental measures; accounting for pension commitments; accounting for

intangibles; accounting for and by joint ventures; development of the comprehensive information system; ways and means of improving education, research and practical training in the field of accounting and reporting in Member States, particularly in Africa, and appropriate measures to give effect to the work of the Group.

25. Within the framework of Economic and Social Council resolution 1985/71, in which the Council agreed that the results of the work of the Group should be brought to the attention of Governments, standard-setting bodies, the accountancy profession, transnational corporations and other interested parties through United Nations publications, the Centre prepared a report entitled International Accounting and Reporting Issues: 1989 Review (ST/CTC/100), which will be issued as a United Nations sales publication. In addition, the Centre prepared a publication entitled Objectives and Concepts Underlying Financial Statements. 2/ It was disseminated to interested parties, including Governments, standard-setting bodies, transnational corporations and professional associations of accountants and auditors. The Centre also issued a brochure, in the working languages of the United Nations explaining the background of the Group, its objectives and functions. The dissemination of such a brochure serves to stimulate interest in the work of the Group. It may also facilitate contact with Governments, transnational corporations, professional groups and others interested in the harmonization of accounting and reporting standards. The Group was also represented at regional and international accounting conferences.

26. The Centre also serviced the meetings of the informal working party on accounting for environmental measures. The report of the working party includes recommendations for information disclosure and appropriate accounting methods to better reflect the impact of environmental measures on the financial position and performance of the enterprise.

C. International, regional and bilateral arrangements and agreements relating to transnational corporations

(1988-1989 programme element 1.4)

27. The Centre continued to examine, monitor and analyse multilateral, regional and bilateral agreements relating to transnational corporations. It prepared a report on important recent trends and developments in this area, which was submitted to the Commission at its fifteenth session. The Centre also prepared a technical study on experience in negotiation of bilateral investment treaties. In addition, a study on key concepts in international arrangements relevant to services transactions (see above, under code of conduct) was prepared analysing important concepts and standards in a number of framework agreements and bilateral treaties. The main findings are reflected in the report on this subject which is before the Commission (E/C.10/1990/6). The findings of the Centre's research in this area have been presented at a number of conferences, seminars and other meetings.

III. MINIMIZING THE NEGATIVE EFFECTS OF TRANSNATIONAL CORPORATIONS AND ENHANCING THEIR CONTRIBUTION TO DEVELOPMENT

A. Analysis of general trends in the nature and extent of the operations of transnational corporations

Transnational corporations and international economic relations

(1989-1990 programme element 2.1)

28. The impact of new production technologies and new methods of organizing production on the behaviour of transnational corporations is analysed in The Emergence of New Approaches to Best-Practice Manufacturing (UNCTC Current Studies, Series A, No. 12); another paper, International Co-operation Agreements and International Take-Overs/Mergers: Central Measures in Current Strategies of Transnational Corporations (UNCTC Current Studies, Series A, No. 17), presents an evaluation of the importance of co-operation agreements and cross-border takeovers in strategies of transnational corporations. The Centre also issued a paper on The Process of Transnationalization and Transnational Mergers (UNCTC Current Studies, Series A, No. 8). 3/ Another paper, drawing on the findings of the report of the Secretary-General on recent developments related to transnational corporations and international economic relations (E/C.10/1989/2), was issued as Transnational Corporations and International Economic Relations: Recent Developments and Selected Issues (UNCTC Current Studies, Series A, No. 11). 4/

29. To facilitate the Commission's discussion of trends concerning transnational corporations and international economic relations and to recommend ways and means of increasing the operations of transnational corporations in developing countries, the Centre has prepared a report on recent developments related to transnational corporations and international economic relations (E/C.10/1990/2) and a report entitled "Transnational corporations and development: policies to stimulate the transfer of investment capital, technology and skills to developing countries in the 1990s" (E/C.10/1990/3), which are before the Commission.

30. In response to a resolution adopted by the Commission at its fifteenth session, the Centre conducted research on home country incentives for investment in least developed countries. The findings of this analysis are contained in the report submitted to the Commission on the subject (E/C.10/1990/4). The report examines measures adopted by some countries and international organizations in three broad areas: specific incentives such as fiscal and financial incentives, improving protection and predictability of investment and trade measures. It appears that home countries do offer a variety of incentives for investment in developing countries, but few of these are aimed specifically at investment in least developed countries. The report suggests the need for the application of incentives designed specifically for least developed countries in view of the many constraints they face in attracting foreign investment.

31. A new but growing phenomenon with respect to transnational corporations is the evolution of small and medium-sized transnational corporations and transnational corporations from developing countries, both of which are the subjects of ongoing

research projects at the Centre. In order to assess and quantify the role and impact of those transnational corporations, a data base has been developed by the Centre. The data base on small and medium-sized transnational corporations currently includes information on more than 700 transnational corporations in 18 developed countries and 800 transnational corporations in 25 developing countries (10 countries in Asia, 12 in the Middle East and 3 in Latin America). Information is at present limited to name of parent, main lines of business, number of employees, number of foreign affiliates and geographical location. It will be expanded to include financial data on more transnational corporations in more countries.

32. Under the project on small and medium-sized transnational corporations, a paper, entitled "Small and medium-sized enterprises in foreign direct investment", was produced for a joint project with the International Development Research Centre of Canada. The paper examines the available evidence, including the data base at the Centre, on the role of small and medium-sized enterprises in both national economies and the world economy and assesses the importance of these enterprises in world foreign direct investment.

B. Examination of measures strengthening the negotiating capacity of Governments in their relations with transnational corporations

Analysis of laws, regulations and policies relating to transnational corporations

(1989-1990 programme element 2.4)

33. The Centre has also started a research project on intellectual property rights and foreign direct investment. The importance of productive assets that take the form of intellectual property has grown rapidly, especially with the widespread applications of computer technology. The study investigates issues concerned with intellectual property rights in general and looks at the impact on foreign direct investment flows and local economic development. In particular, it investigates the computer industry and focuses on intellectual property rights related to foreign direct investment in computer software, semiconductor layouts and data bases. Policy implications will be derived from the analysis. The major findings of the Centre's research on trade-related aspects of intellectual property rights (TRIPs) and trade-related investment measures (TRIMs) are included in the report of the Secretary-General (E/C.10/1990/13), which is before the Commission. The report indicates that an important dimension of TRIPs and TRIMs is their role in global (and national) investment and technology flows and in the promotion of economic development. It also shows that there is conflicting empirical evidence on the positive or negative impact of TRIPs and TRIMs on investment and technology flows in particular countries and industries. Work is also under way to provide assistance to host countries in negotiating and renegotiating effective joint venture arrangements with transnational corporations. A technical paper, entitled A Comparative Analysis of Laws and Regulations Relating to Joint Ventures in Eastern Europe, is expected to be published later in 1990.

C. Analysis of the political, social and cultural impact of transnational corporations on host developing countries

1. Activities of transnational corporations in South Africa and Namibia

(1989-1990 programme element 2.7)

34. Pursuant to Economic and Social Council resolution 1988/56, the Centre focused its efforts during the reporting period on preparing the substantive documentation for the second public hearings on the activities of transnational corporations in South Africa and Namibia, which were held at Geneva from 4 to 6 September 1989. The Centre prepared five substantive papers for the hearings, including an update of the list of transnational corporations with interests in South Africa and Namibia (E/C.10/AC.4/1989/8). These papers included "The South African economy and transnational corporations" (E/C.10/AC.4/1989/5), "Disinvestment and non-equity links by transnational corporations in South Africa: trends and impact" (E/C.10/AC.4/1989/2), "The role of transnational banks in South Africa" (E/C.10/AC.4/1989/6), "Sanctions against South Africa" (E/C.10/AC.4/1989/4 and Corr.1) and "The activities of transnational corporations in Namibia" (E/C.10/AC.4/1989/7). The report and recommendations of the Panel of Eminent Persons established to conduct the second public hearings on the activities of transnational corporations in South Africa and Namibia were submitted to the General Assembly at its forty-fourth session in a note by the Secretary-General (A/44/576-S/20867). The Commission has the report before it for its further consideration. The Commission will also consider the report of the Secretary-General on measures relating to trade, finance, investment and technology transfers to South Africa (E/C.10/1990/8). The report reviews current measures that affect the operations of transnational corporations in South Africa in the areas of international trade, disinvestment and technology transfers by transnational corporations to South Africa, and the supply of foreign finance by transnational banks.

35. The Centre provided secretariat services to the Panel of Eminent Persons and finalized a two-volume set of proceedings of the public hearings.

2. Transnational corporations and the environment

(1989-1990 programme element 2.9)

36. Under this programme element, the Centre focused its work on the implementation of Economic and Social Council resolution 1989/25 on transnational corporations and environmental protection in developing countries.

37. In that resolution, the Council requested the Secretary-General to conduct an analytical study of the main sectors of activity that have adverse effects on environmental preservation and the factors that determine the allocation of activities between developed and developing countries. The Centre chose to focus

its first sector-related study on the adverse affects of energy-producing and energy-consuming transnational corporations on global climate change. The six case-studies chosen to illustrate the problem included fossil fuel production, chlorofluorocarbons and other ozone-depleting chemicals, electricity generation, transportation, energy-intensive metal and chemical production (aluminium) and inorganic nitrogen fertilizers.

38. In response to the request for the elaboration of a set of criteria and operational principles for strengthening the participation of transnational corporations in efforts to preserve and protect the environment, the Centre developed a draft set of criteria to be taken into account by the management of transnational corporations in investment-related decisions. On the basis of the comments made at the fifteenth session of the Commission, the Centre revised the text of the criteria and circulated it widely to experts from Governments, industry, academia, trade associations and environmental groups, as well as to the bodies and organizations of the United Nations system. The revised draft was then reviewed at a three-day expert meeting held in December 1989. The final draft, submitted to the Commission as an annex to the report of the Secretary-General on transnational corporations and issues relating to the environment (E/C.10/1990/10), is the result of this process. With regard to the elaboration of operational principles, the work undertaken in connection with the sector study focusing primarily on energy corporations provided the background research for an approach to operational principles based on themes such as global warming, toxic and hazardous wastes, deforestation and other pressing international environmental problems.

39. A review was made of existing mechanisms within the United Nations system for the dissemination of information on hazardous technologies and their safer, cleaner alternatives. It was concluded that this information is not easily accessible to developing country officials. It was suggested that a directory, acting as a reference source, could provide succinct summaries of the hazards posed by certain technologies and information on safer, cleaner alternatives.

40. In implementing the resolution as it relates to the identification of ways in which developing countries might benefit from the experience of other countries in their efforts to protect the environment, a technical study was completed analysing the experiences of industrialized countries in regulating the disclosure of risk information by industry. The principles of disclosure have gained widespread acceptance by Governments and by industry, particularly by transnational corporations in industrialized countries. Most developing countries, however, lack disclosure of risk legislation. The Centre study reviews the legislation and its implementation throughout the OECD countries and suggests ways in which disclosure of risk information policies can be usefully adopted in developing countries. It concludes by recommending uniform principles for international agreement.

41. The Centre has continued its work on other environmental projects, including the preparation of the fourth edition of the consolidated list of products whose consumption and/or sale have been banned, withdrawn, severely restricted or, in the case of pharmaceuticals, not approved; the preparation of a report on environmental accounting and disclosure and the ongoing preparation of volume II of the anthology

of government, industry and non-governmental organization policies on industrial process hazards and safety. The Centre acted as host for a regional workshop on toxic and hazardous wastes at Monrovia, Liberia, for officials from 12 countries in the region and it participated, in an advisory capacity, in the First Regional Conference on Environment and Sustainable Development in Africa and in two expert workshops in preparation for the conference on sustainable development, to be held at Bergen, Norway, in May 1990.

42. Finally, in order to complete this work in a productive and co-operative fashion, the Centre has maintained a high level of co-ordination with other United Nations offices, including participation in the co-ordinating body of Designated Officials on Environmental Matters.

D. Studies of transnational corporations in specific areas and selected sectors

1. International trade

(1989-1990 programme element 2.2)

43. A technical paper, Transnational Corporations and Manufactured Exports from Developing Countries (ST/CTC/101), has been completed. The paper analyses the impact of the exporting activities of affiliates of transnational corporations based in Japan, Sweden and the United States, on a group of newly industrializing countries in Asia and Latin America. The analysis reveals important differences when comparing the three groups of transnational corporations, as well as differences across sectors and differences between the developing countries in Asia and Latin America, with the former's greater export orientation.

44. One of the major reasons that the developing countries seek collaboration with transnational corporations is to promote exports, especially of manufactures. There is some indication that in certain products and in certain regions, non-equity links with transnational corporations, particularly in the form of sub-contracting, have been of considerable benefit to developing countries. In collaboration with UNCTAD, the Centre intends to undertake a systematic study on the subject, which will examine the incidence of use of non-equity links to promote manufactures, the factors that determine the establishment of such links and relevant policy measures.

2. Transnational banking

(1989-1990 programme element 2.3)

45. As requested by the Commission at its fifteenth session, the Centre undertook further work on the question of transnational banks and external indebtedness. A report on the subject is before the Commission (E/C.10/1990/11). Despite some contribution by transnational banks to debt reduction and/or cash flow relief in such forms as negotiated interest reduction, rescheduling of principal repayments

and various types of debt swaps, the burden of debt/debt service remains heavy for many countries in Africa, Eastern Europe and Latin America. The report takes note of recent initiatives for the reduction of commercial debt and examines in some depth the events in international debt management, which, with its explicit emphasis on the need for debt reduction, is likely to be small in relation to the needs of countries experiencing debt-servicing problems. The report proposes some additional measures that could be adopted to provide further stimulus to debt reduction efforts.

3. Services, including transborder data flows

(1989-1990 programme element 2.12)

46. After having published in 1988-1989 five major reports on services, 5/ the Centre continued its research and publication activity in 1989-1990 in response to the growing interest in services resulting, inter alia, from the progress of the Uruguay Round of multilateral trade negotiations on services. A study entitled Transnational Service Corporations and Developing Countries: Impact and Policy Issues, 6/ which focuses on transnational banks and transnational corporations in services other than banking, brings together two reports prepared for the fifteenth session of the Commission.

47. The activities of transnational corporations in construction, an important service industry, are examined in a technical paper entitled Transnational Corporations in the Construction and Design Engineering Industry. 7/

48. A publication on the activities of transnational corporations in services is being prepared from the papers submitted to the workshop at Montreux, Switzerland (see para. 50 below). A paper entitled Key Concepts in International Investment Arrangements and Their Relevance to Negotiations on International Transactions in Services (UNCTC Current Series, Series A, No. 13) examines, inter alia, the relevance of the concepts in the draft code of conduct on transnational corporations to international transactions in services. The World Bank and the Centre jointly published a handbook, Services in the World Economy, aimed at those involved in such transactions, informing developing and other countries about recent developments in the analysis of those transactions in services within the context of the Uruguay Round negotiations. Most of these publications were circulated to the Group of Negotiations on Services of the Uruguay Round, among others.

49. The directory of the world's largest service companies will fill the gap existing in the literature on transnational corporations which has focused on industrial companies and neglected service transnational corporations despite their growing importance in the world economy.

50. The Centre organized a workshop at Montreux, Switzerland, for negotiators of the Uruguay Round of multilateral trade negotiations from developing countries, focusing on foreign direct investment and transnational corporations in services

and related transactions. The Centre also co-sponsored, with the Caribbean Community and the Government of Trinidad and Tobago, a regional workshop on services, which was held at Port-of-Spain. In addition, a national seminar on services is scheduled to take place in Colombia during the first half of 1990. The Centre has also provided expertise through its publications and representatives at workshops and seminars on services, organized by UNCTAD, at Baghdad, New Delhi and Colombo.

IV. STRENGTHENING THE CAPABILITIES OF HOST DEVELOPING COUNTRIES IN DEALING WITH MATTERS RELATING TO TRANSNATIONAL CORPORATIONS

A. Technical co-operation

51. The year 1989 was highlighted by the technical assistance provided by the Centre to the newly "open door" economies, which requested expertise in devising investment policies, in structuring régimes for investments in specific sectors and in drafting model contracts and agreements. This liberalized approach, which has characterized the relationship in the 1980s between host developing countries and transnational corporations, was evidenced by the types of assistance requested by host developing countries in their efforts to attract more appropriate investments and much-needed technologies. During the period under review, the Centre provided advisory assistance to boards of investment or central planning units of several developing countries in the formulation, review and reformulation of investment policies, laws and regulations. The Centre also continued to provide expertise in the development of natural resources. The period was highlighted by a number of significant projects in which the Centre was instrumental in bringing about contractual agreements between host Governments and transnational corporations, which are expected to result in sizeable investment commitments and monetary gains for the host countries. Finally, in 1989, the Centre increased its efforts in providing technical assistance to economic integration efforts in several subregional economic groups.

1. Composition of the technical co-operation activities of the Centre

(a) Advisory and information services

52. During the period under review, the Centre completed or initiated 120 advisory and information projects. Of these, 14 were regional or subregional projects and the rest were provided to 44 individual developing countries. Among them, 65 were in 23 African countries, 42 were in 15 countries in the Asia and Pacific region and 13 were in 6 countries in Latin America and the Caribbean.

53. The majority of advisory and information services were related to the formulation of foreign investment régimes, namely, the policies, laws and regulations relating to foreign investment and technology transfer; the formulation of model contracts and agreements and the streamlining of institutional mechanisms

and administrative procedures for promoting, selecting, approving and monitoring foreign investment. In 1989, 56 per cent of the advisory projects sought by developing countries belonged to the first category; 44 per cent of the projects related to the second category, that is, specific contractual arrangements with transnational corporations, particularly at the negotiation stage, during which the Centre was requested to provide advisory assistance to the government negotiating teams.

54. Of the 120 projects completed or initiated, 30 projects were related to general issues, while 20 projects were on hard-rock mining, 16 on tourism and other services and 20 pertained to petroleum. The rest of the projects dealt with other issues and sectors such as technology transfer, manufacturing, forestry, agriculture and fisheries.

(b) Training services

55. During the reporting period, the Centre implemented 30 training projects consisting of 20 workshops and 10 study tours and fellowships. Seven workshops were held in Africa, including four regional workshops and three for individual countries. Seven workshops were held in Asia, including two ASEAN subregional workshops. Two workshops were held in Latin America and the Caribbean and four were held in Europe. A fourth of the workshops held were in the services sector, including financial issues and tourism. Other workshops dealt with contractual agreements in the natural resources sector, technology transfer, toxic/hazardous waste regulations and agreements, investment evaluations, export processing zones, accounting and reporting and general issues on joint-venture agreements. In the 10 study tours and fellowships arranged by the Centre, 21 grants were provided to officials from Angola, Egypt, Ethiopia, Thailand and Zimbabwe. Places of assignment included Brazil, India, Malaysia, Mexico, Morocco, Thailand and Tunisia. Some of the training was held in institutions based in developed countries. The subjects covered by the training included general foreign investment issues, capital market development, investment promotion, investment appraisal and technology transfer.

56. The Centre's programme of support to institutions of higher learning in developing countries has successfully developed university syllabuses in economics, business administration and law on transnational corporation matters. These syllabuses - now in publication - are being used in various universities. The experiences gained in the above programme in Asia have been transferred to Africa, and plans are under way to introduce the programme to universities in Latin America and the Caribbean. The programme in Asia is now in full implementation following the programme seminars given to relevant faculties in the Asian universities. A number of universities in Asia, including the universities of Kuala Lumpur, Singapore and the South Pacific, are now implementing the curriculum on transnational corporations. Although the programme is still at the initial introductory phase in Africa, the Universities of Lagos and Ile Ife in Nigeria have started implementing the curriculum. To advance the implementation programmes in all regions, interregional seminars for teaching faculties are planned for early 1990, to be followed by intensified implementation of the programme in Asia and Africa and introductory phases in Latin America and the Caribbean.

2. Highlights of the Centre's technical co-operation programme

57. The entry of newly "open door" economies to the foreign investment arena required an examination by these countries of existing investment laws and regulations to determine their applicability to newly adopted policies and economic needs. Recognizing the Centre's previous experience in providing technical assistance to developing countries which also assumed a changed role and position vis-à-vis transnational corporations, several of those newly "open door" economies have involved the Centre in the formulation of investment laws and regulations which are in harmony with and in support of new liberalized approaches to foreign investments and technology. Programmes of advisory and training services have been designed for three African countries and four Asian countries. The advisory services will assist the Governments in establishing appropriate legal, fiscal and financial régimes, as well as in the drafting and implementing of regulations, model contracts and negotiating guidelines. Training is being provided to develop the skills of public and private sector officials in the implementation and monitoring of the new policies.

58. In 1989, the Centre also continued to undertake technical co-operation activities in the socialist countries. A seminar on accounting for and by East-West joint ventures in centrally planned economies was organized in Moscow to promote the understanding of accounting practices used in joint ventures and to identify areas of future training. It was the first public discussion of accounting issues related to joint ventures in the Union of Soviet Socialist Republics. The seminar led to revisions of Soviet regulations on joint ventures. Finally, a workshop on the finalization of accounting curricula was organized to complete the curricula for university education, practical training and training of trainers in the area of accounting for and by joint ventures. An informal brainstorming meeting on free economic zones in the USSR was also organized to stimulate an exchange of views on the key issues related to the establishment of free economic zones of joint entrepreneurship in centrally planned economies. An international seminar on zones of joint entreprenuership in centrally planned economies was held in Moscow to familiarize decision makers at the central and local levels with international practices related to the planning, establishment and operation of special economic zones. Substantive background documentation was prepared by the Centre for the seminar. An introductory paper entitled Free Economic Zones in the USSR and Eastern Europe (UNCTC Current Studies, Series A, No. 14), will be issued in early 1990. The compendium of background papers will be published later this year as a United Nations sales publication. At the seminar, the Centre was asked by representatives of a number of prospective zones to assist in their planning and establishment. The Centre is currently setting up a task force on the Nakhodka (Soviet Far East) zone of joint entrepreneurship. The programmes in Eastern Europe are not financed from the Centre's trust fund for technical co-operation (which is earmarked for developing countries only), but rather from additional funds specifically made available for this programme.

59. A number of host developing countries have been receiving technical assistance from the Centre in restructuring and streamlining their institutional machinery for screening, approving, monitoring and promoting foreign investments and strengthening of national information systems with respect to foreign investment.

The general objective of the technical assistance is to make the governmental mechanisms and procedures more effective both in attracting and processing foreign investment applications and in assessing the performance and contribution of transnational corporations. These multi-dimensional services are being provided to boards of investment and central planning units in three African countries and one Asian country.

60. The Centre continued to assist in economic integration movements in several subregional economic groups. Assistance continued to be provided to the Preferential Trade Area for Eastern and Southern African States in formulating guidelines on a Charter on Multinational Enterprises, on the harmonization of foreign investment régimes and in setting up multinational joint ventures. Largely as a result of the Centre's assistance, the PTA States have formulated common objectives and strategies for the establishment of the joint venture régime. The Centre has also undertaken detailed consultations with public and private sectors in order to assist in the identification of enterprises that could be viable joint venture partners.

61. Similar assistance is being provided to the Organization of Eastern Caribbean States. The assistance is intended to develop the modalities for the harmonization of investment policies, laws and regulations based on a number of decisions recently adopted by the heads of Government of the OECS countries.

62. In 1989, the Centre initiated its programme of training support to the ASEAN Committee of Finance and Banking to train ASEAN officials on financial policy and institutional management for better access to external resources from transnational banks and corporations. The series of seven training workshops under the programme started with the organization of a workshop on negotiating with transnational banks and was followed by a workshop on management and supervision of financial institutions. Preparations are also under way to undertake national studies on the financial systems of the ASEAN countries, with a focus on operations and problems. The studies are intended to provide an overview of individual country composition and financial systems and to analyse the growth and development of bank and non-bank financial institutions, the money market and the capital market, with a view to investigating the adequacy and efficiency of government management and supervision.

63. The Centre also assisted the Pacific Forum Secretariat in its negotiations on establishing a new regional satellite telecommunications system, which will be utilized by some 19 countries. The Centre contributed significantly to the drafting of several agreements, which were eventually agreed upon by the Pacific Forum Secretariat and the transnational corporation involved. The regional satellite telecommunications system, scheduled to be operational in 1990, will aid the countries in attracting transnational corporations that require a good, efficient communications system.

64. During the reporting period, the Centre consolidated its EMPRETEC (extensive technical assistance) programme of support to small and medium-sized entrepreneurial businesses utilizing linkages with transnational corporations in three countries (two Latin American and one African). The programme establishes a

public and private sector institutional infrastructure for identifying, developing and assisting small and medium-sized entrepreneurial enterprises. Each country programme is planned by a working group drawn from local enterprises and transnational companies and relevant government and multilateral organizations, with the Centre acting as catalyst and facilitator. Public and private sector representatives assist in providing the training and support elements of the programme.

65. EMPRETEC identifies potential entrepreneurs, develops their entrepreneurial skills, trains them in basic business procedures, assists them with the preparation of business plans, aids them in obtaining financing, helps to arrange advantageous links with transnational corporations and makes available long-term support systems for getting new ventures under way. In 1989, the EMPRETEC programmes in the Latin American and African countries continued to identify, train and support new entrepreneurs. At present, 275 selected and trained entrepreneurs in the three countries are actively participating in the EMPRETEC public and private support system.

66. A new EMPRETEC programme, utilizing United Nations Development Programme (UNDP) funds, was initiated in a second African country, and country programmes in two other Latin American countries (utilizing a mix of indicative planning figures (IPF) and public and private sector contributions) are in the final stages of formulation and approval. Initial funding from UNDP has facilitated the development of a subregional EMPRETEC project in Latin America to promote intraregional trade and investment among EMPRETEC entrepreneurs. A similar subregional project in Africa is under consideration by the Economic Community of West African States and UNDP.

67. Advisory projects in the natural resources sector were an important part of the Centre's technical assistance programme in 1989. The gradual improvement in overall market conditions in both mining and petroleum has created many new investment opportunities. However, most developing countries recognize that they must now function in an increasingly competitive environment. That means understanding the basic requirements of the mining and oil companies and being aware of the various ways in which a host country may accommodate those requirements without compromising the national interest. Information should also be available on the terms and conditions that other developing countries are offering to prospective investors. In the negotiation of any major project in the natural resources sector, some feel for the "going rate" is essential if the host Government is to fully realize its investment opportunities. Against that background, a number of developing countries have sought the assistance of the Centre in establishing an appropriate fiscal and legal framework for natural resource projects and in strengthening their capacity to handle negotiations with transnational corporations, particularly in the highly specialized fields of mining and petroleum.

68. Over the past year requests for assistance in connection with petroleum-based projects have been received from countries in Africa, Asia, Latin America, the South Pacific and the Caribbean. In Africa, Asia and Latin America, the Centre was asked for advice on, and assistance in, drafting models that would serve as the

basis for negotiating exploration and production agreements with transnational oil companies. In the Latin American context one such request required the Centre's experts to consider some particularly challenging problems. The country concerned is recognized in the international oil industry as having available highly prospective acreage, but in recent years investment in exploration has been severely constrained by uncertainty about contract terms and a rather daunting legacy of political risk factors. Under those circumstances, the Centre's experts had to consider, against a background of economic and political difficulties, how, in contractual terms, appropriate assurances could be given to oil companies willing to invest in major exploration programmes.

69. In Africa, one country, with no previous history of oil exploration, received legal advice from the Centre on the development of a model agreement. In this case, the Centre's technical assistance was offered in a project undertaken jointly with a merchant bank whose advisory services were funded by the World Bank. The initial phase of the project - advising on a model agreement - was followed by the same team of advisers supporting the Government in negotiations with a number of interested oil companies.

70. A substantial element in the Centre's technical assistance in the petroleum sector has been advice to a country in the South Pacific, where significant discoveries have resulted in a great deal of new activity in the sector. In this case, few nationals in the public service have the necessary qualifications and experience to handle major petroleum (or mining) projects. Accordingly, the Government had to look to outsiders for assistance in order to deal on equal terms with international oil companies. Both the Government and the Centre have been concerned with the deficiency of trained manpower and the institutional weakness in handling major projects that inevitably results. To deal with that problem, the Centre, at the request of the Government, undertook a study (a) to assess the manpower requirements for handling the legal dimension in natural resource projects (mining, petroleum, forestry and fishing); (b) to recommend the design of a training programme for nationals and (c) to consider ways in which, in the interim, the Government's requirements for legal advice could be met through technical assistance or otherwise. The Centre submitted a report to the Government on these questions. The recommendations in the report were accepted and the first steps to implement those recommendations are now being taken.

71. Finally, it should be noted that a seminar on oil exploration was held in Accra at the beginning of December 1989. Representatives of the ECOWAS countries participated in the seminar, and Angola and other African countries were present as observers. The Ghana National Petroleum Corporation acted as host for the seminar, which was sponsored jointly by the Centre and the Norwegian Agency for Development. Most of the oil companies operating in the region sent representatives. Some companies made generous contributions to the organization of the seminar. While the seminar was primarily concerned with the issue of geological data, there was also valuable discussion of contract terms, and a substantial paper on contract issues at the exploration stage was presented by the Centre. The Centre also provided travel for participants from developing countries and for lecturers.

72. While the acceleration of activity in the hard-rock mining sector was less marked than in the petroleum industry, the pattern of requests for assistance was similar. In some cases, the Centre's advice was sought on an appropriate legal and fiscal framework for foreign investment in mining projects. Within that context, there were requests for assistance in the design and drafting of model agreements. The geographical spread was again wide, with requests coming from Africa, Asia, Latin America, the Caribbean and the South Pacific.

73. Although requests relating to gold predominated, one focus in the Centre's technical assistance programme was the renegotiation of a long-standing agreement for mining a mineral with a significant but rather specialized industrial market. After a chequered history, and substantial capital expenditure, technical problems associated with the mining process had been overcome and prices for the mineral gradually improved. Against that background, neither the Government nor the company was satisfied with the existing agreement. With substantial profits predicted, the Government considered that its overall take from the project would be inadequate and sought some significant changes in the fiscal terms. On the other side, the company was unwilling to make the further capital expenditure that would be necessary for the continuance of profitable operations unless it received new guarantees about the retention of foreign earnings and some modification of the Government's right to acquire equity in the project could be agreed on.

74. At the request of the Government, the Centre provided legal and financial expertise to strengthen the Government's negotiating team. On the fiscal side, a key element in the negotiations involved the development of a computer model of the mining operations. This facilitated the negotiating process by enabling the government team to predict annual net revenues on the basis of a wide range of fiscal alternatives. The negotiations were difficult, but eventually it was possible to work out a comprehensive agreement satisfactory to both sides. This case illustrates that, where there is mutuality of interest between host Government and foreign investor, it should always be possible to reach a satisfactory agreement. However, to identify the terms and conditions that will meet the basic requirements of both parties often requires a high level of technical skill and wide-ranging experience of business negotiations.

75. In 1989, an advisory project in the forestry sector was completed. The assistance of the Centre had been sought by a country in the South Pacific in connection with a major innovative joint venture concerned with reforestation. The joint venture partner was a public sector corporation from a developed country, and complex financial and legal evaluation was required. There was also a need for assistance with contract drafting and the conduct of negotiations with the joint venture partner.

76. In the fisheries sector, the advice of the Centre was sought by a South Pacific Government in connection with a project for the funding of a tuna fishing joint venture. The joint venture will involve the purchase of purse-seine fishing vessels and a number of commercial, financial and legal issues will arise.

77. In the area of services, the Centre organized a workshop on the activities of transnational corporations for negotiators of the Group of Negotiations on Services

(GNS) of the Uruguay Round, which was held at Montreux, Switzerland. Participants included GNS negotiators, mainly from developing countries and experts from other international organizations, academia and industry. The objective of the workshop was to strengthen participants' understanding of some major areas and issues relating to international transactions in services, with an emphasis on the role of transnational corporations and foreign direct investment.

78. A workshop on services and development, with special reference to foreign direct investment and transnational corporations, was organized in collaboration with the Caribbean Community and the Government of Trinidad and Tobago in Port-of-Spain for countries of the Caribbean region. The workshop examined and discussed the interrelationship between services and development and the role of foreign direct investment and transnational corporations in the Caribbean region. It also examined national and international policy frameworks, including, among others, developments in the Uruguay Round negotiations on services. In support of its technical assistance work in services, the Centre undertook the preparation of a directory and data base on transnational service corporations and, in collaboration with the World Bank, published a handbook entitled Services in the World Economy.

79. In the past few years, toxic and hazardous wastes have been dumped in African countries. Not only are these countries lacking in technical know-how to recognize the toxicity or potential toxicity of these wastes, but they are also unaware of the kind and extent of damage these wastes might necessarily have on human life, flora and fauna. Another problem is that the African countries suffer from a lack of technology for the safe treatment, disposal and management of toxic and hazardous wastes once they are within their territorial jurisdiction either on land or at sea. Finally, most of these host countries do not possess the legislative framework to deal with these kinds of problems. At the request of African countries, a regional workshop for selected African countries was held to address problems relating to toxic and hazardous wastes. Participants were provided training in establishing the proper classification of toxic and hazardous wastes, methods of toxic waste segregation, methods of safe treatment, the management and disposal of wastes, and the proper legislation, regulation and guidelines on the disposal of toxic and hazardous wastes.

80. The Centre has been providing assistance to developing countries in improving their ongoing and future contractual arrangements in engineering construction contracts and in building the requisite national capabilities by providing opportunities for their relevant technical manpower to become familiarized with the present state of the art in international construction contracts. During 1989, the Centre continued to provide this assistance through training activities. A seminar was held for Ghanaian officials and executives of state entities in the drafting and negotiation of turnkey construction contracts. Discussions were also held on specific problems in the design and construction of projects currently under way. A workshop on international agreements and negotiation of engineering contracts was also held in the Republic of Tanzania for government officials from the eastern and southern regions of Africa. The workshop focused on developing the capabilities of officials in government ministries who conduct negotiations in the engineering and construction sector.

3. Financing arrangements

81. Table 1 shows the income, disbursements and balances of the Trust Fund for the United Nations Centre on Transnational Corporations for the period 1985-1989. Although there was an increase in pledges made to the Trust Fund, there has been a decrease in the level of contributions received in 1989 compared to 1988. However, assurances have been given that the outstanding contributions for 1989 will be paid up in early 1990.

82. During the annual United Nations Pledging Conference for Development Activities, the following countries made pledges for 1990, totalling $565,830: China ($20,000), Denmark ($136,612), Finland ($162,791), France ($62,500), Switzerland ($182,927) and Zaire ($1,000).

83. Table 2 shows the extrabudgetary resources and disbursements of both the Trust Fund and UNDP-funded projects. The share of Trust Fund disbursements to total disbursements remained at 60 per cent, as in the previous reporting period. The Centre also continued to receive funds from UNDP under its sectoral support programme. The Centre, being a relatively small agency and without the advantage of regional co-ordinators or national representatives, has utilized funds from the sectoral support programme in identifying the technical assistance needs of developing countries and in formulating specific advisory and training programmes designed to meet the needs of those countries.

84. Tables 3 and 4 indicate the extrabudgetary expenditures for regional projects and for individual country projects. The delivery of advisory projects to low-income countries utilizing Trust Fund resources is 75 per cent, a six point decrease from the previous year. The decrease is significantly greater in projects financed by UNDP, in which only 39 per cent compared to 58 per cent in 1988 were delivered to low-income countries. This is due primarily to the relatively high delivery of advisory projects to Angola and to countries in the Asia/Pacific region, which are not low-income countries. Excluding these projects, the delivery of UNDP-funded projects to the low-income countries would be 75 per cent. Neither table includes Trust Fund expenditures on global activities which assist in the provision of the Centre's technical co-operation programme, nor do they include programme support expenditures.

Table 1. Trust Fund for the United Nations Centre on Transnational Corporations: income, disbursements and balances, 1985-1989 a/

(United States dollars)

	1985	1986	1987	1988	1989
Opening balance	921 260	1 043 154	1 120 834	1 050 548	1 845 222
Contributions received					
China	20 000	20 000	20 000	20 000	20 000
Denmark	--	50 000	104 442	116 081	136 668
Finland	38 628	47 985	112 284	124 595	118 287
France	--	--	--	67 742	59 000
Germany, Federal Republic of	--	--	60 187	54 768	--
Italy	--	--	--	1 713 903	1 563 600 b/
Japan	--	--	--	81 600	100 000 b/
Netherlands	60 015	59 280	72 855	74 813	70 320
Norway	163 604	200 811	212 023	224 333	215 641
Poland	--	12 500 c/	16 700 d/	--	--
Republic of Korea	10 172	10 475	--	--	--
Sweden	190 006	215 146	--	249 688	247 893
Switzerland	97 314	161 290	202 020	185 185	351 429 b/
Zaire	--	--	500	500	500
Zambia	2 451	--	--	--	636
Subtotal	582 190	777 487	801 011	2 913 208	2 883 974
Interest income	163 898	68 482	102 696	106 742	150 000 e/
Miscellaneous income	--	--	--	--	--
Total available funds	1 667 348	1 889 123	2 024 541	4 070 498	4 879 196 f/
Less disbursements	624 194	768 289	973 993	2 225 276	2 484 129 f/
Closing balance	1 043 154	1 120 834	1 050 548	1 845 222	2 395 067 f/

Notes: A dash (--) indicates that the amount is nil or negligible.

a/ Unaudited.

b/ Pledged contribution.

c/ Estimated dollar value of 200 zlotys per dollar; contribution in non-convertible local currency.

d/ Estimated dollar value of 300 zlotys per dollar; contribution in non-convertible local currency.

e/ Estimate.

f/ Preliminary figures.

Table 2. Total extrabudgetary resources and disbursements of the Trust Fund and UNDP, 1985-1989 a/

(United States dollars)

	1985	1986	1987	1988	1989 b/
Total resources	2 614 537	2 870 882	3 507 744	5 374 580	4 752 061
Total disbursements, of which:	1 571 383	1 750 048	2 489 892	3 529 358	4 180 594
Trust Fund	624 194	768 289	973 993	2 225 276	2 484 129
UNDP	947 189	981 759	1 515 899	1 304 082	1 696 465

a/ Unaudited.

b/ Preliminary figures.

Table 3. Expenditures on workshops and other training activities, 1989 a/

(United States dollars)

Country or area	Trust Fund	UNDP
Africa b/	235 417	277 759
Angola	--	25 920
Argentina	83 320	--
Asia and the Pacific b/	--	210 247
Bangladesh	--	27 800
China	--	130 514
Egypt	--	19 580
Ethiopia	12 321	--
Interregional	24 343	--
Latin America b/	282 289	99 361
Malaysia	--	30 654
Nepal	--	33 731
Nigeria	39 466	43 263
Thailand	--	41 652
Uruguay	153 127	--
Yemen	--	50 104
Total	830 283	990 585

Notes: A dash (--) indicates that the amount is nil or negligible.

a/ Preliminary figures.

b/ Regional/subregional activities.

Table 4. Extrabudgetary expenditures on advisory projects, 1989 a/

(United States dollars)

Country or area	Trust Fund	UNDP
Angola	--	187 961
Bangladesh b/	19 000	5 980
China b/	12 996	--
Colombia	985	--
Ecuador	15 352	--
Egypt	--	49 598
Ethiopia b/	26 172	36 100
Gambia b/	10 193	--
Ghana b/	63 840	26 908
Guinea b/	--	16 524
Kenya b/	--	57 844
Lao People's Democratic Republic b/	--	9 200
Madagascar b/	11 328	--
Mauritius b/	1 000	--
Morocco	3 723	--
Mozambique b/	1 000	--
Nepal b/	--	11 748
Oman	3 600	--
Papua New Guinea	--	32 724
Peru	14 406	--
Seychelles b/	29 475	--
Sierra Leone b/	--	103 880
Thailand	--	10 000
Uganda b/	13 488	--
Viet Nam b/	--	39 246
Zimbabwe b/	1 000	--
Regional activities, including:		
Africa b/ c/	13 735	70 905
Asia/Pacific	--	229 365
Latin America/Caribbean c/	--	13 297
Interregional	13 009	--
Total	254 302	901 280
Percentage share of low-income countries to total expenditures	80	42

Notes: A dash (--) indicates that the amount is nil or negligible.

a/ Preliminary figures.

b/ Low-income economies: per capita gross national product less than $700 (1986).

c/ Regional project.

B. Comprehensive information system

85. The Centre's information system is considered to be of increasing importance to developing countries. Access to information strengthens their bargaining power and negotiating strategy in dealing with transnational corporations. There is a growing recognicion of the need to efficiently collect and process data on transnational corporations. With the international trend in computerization and the improvement of hardware and software availability, the Centre's information system has developed into an integral part of its research projects and programme of technical co-operation.

1. Development of the information system on transnational corporations

(1989-1990 programme elements 2.13, 3.5, 3.6)

86. The Centre has developed an information system for the exchange of textual information and statistical data on transnational corporations and foreign direct investment. In response to the need for information on transnational corporations in developing countries, the Centre has compiled data based on international standards to facilitate integration into national data bases. Activities of the Centre relating to the information system include corporate data on individual companies, legal information, foreign direct investment and related macro-data, and sources of information. The following is a brief description of current information activities.

(a) Trends in the activities of transnational corporations

87. Statistics on foreign direct investment are one of the principal indicators of the activities of transnational corporations. Foreign direct investment may be measured in terms of annual flows (inward and outward) or in terms of cumulative stocks. Flows and stocks can then be classified by recipient countries and countries of origin as well as by sector of economic activity. The components of foreign direct investment flows are equity investments, intercompany loans and reinvested earnings. However, practically no country in the world respects this definition and statistics on foreign direct investment are usually incomplete. More often than not, intercompany loans and reinvested earnings are missing. The incompleteness of the data makes it difficult to rank countries in terms of being the largest source of recipient countries.

88. With the recent emphasis on free-market activity, increased importance is being attached to the role of foreign direct investment in developing countries. Not only are developing countries being urged to adopt appropriate investment policies and laws, but there is also a renewed concern among international organizations to collect better statistics. Unfortunately, this concern is not matched at the national level where most Governments have reduced resources devoted to collecting and improving statistics. Nevertheless, the Centre has launched a major project to collect, publish and improve foreign direct investment and related statistics.

89. During 1989, the Centre has endeavored to collect foreign direct investment statistics (stocks and flows), as well as relevant corporate data, legal information (laws, agreements, treaties) and bibliographic sources for each country in the world. This has been done with the active co-operation of the Centre's Joint Units in Addis Ababa, Bangkok and Santiago. The Joint Units have, in many cases, collected original, unpublished national data through the help of national experts both within and outside the Government. The Centre and Joint Units have processed the data that were available and have not made adjustments for widespread deficiencies. However, at the international level, the Centre is co-operating with the Organisation for Economic Co-operation and Development to improve the compliance with the OECD benchmark definitions for foreign direct investment. In this connection, the Centre has circulated a questionnaire to all country experts concerning the definitions and national data collection methods so that the Centre will have a clear understanding of the weaknesses.

90. During 1990, the Centre will begin to publish the data by region. Again, the data will be published as collected, with the appropriate footnotes warning users of gaps and other problems. A directory on foreign direct investment and transnational corporations will be published containing the foreign direct investment position of 160 countries, the activities of transnational corporations in and from those countries and the regulatory (legal) framework within which they operate. The directory will be an expanded and updated version of the Directory of Statistics of International Investment and Production. 8/ Eventually, the directory and its underlying data base will be made available on-line to external users. Much of the effort in producing the directory has been to design an adequate computer system to store, manipulate and transform data, as well as to print camera-ready copies of tables. In this regard, the Centre received valuable technical assistance from the Electronic Data Processing Unit of the Economic Commission for Europe (ECE) in Geneva, which has a large programme for the publication of various statistical bulletins.

91. The third phase will consist of the dissemination of the directory and data base and the improvement of developing countries' systems for the collection and use of data. In conjunction with OECD, the Centre will analyse current data problems and gaps and will make recommendations to Governments for their resolution. The Centre will also design a technical assistance programme for those developing countries interested in having better statistics on foreign direct investment and the activities of transnational corporations operating within their borders.

(b) Information on individual corporations

92. The Centre continued to collect and computerize basic economic and financial data on the world's largest transnational corporations in the manufacturing and extractive sectors ("the billion dollar club"). A study on the development of corporations in the manufacturing and extractive sectors in the 1980s was prepared from the Centre's computerized collection of data. This data base is maintained in the Centre's local area network of personal computers and is available to government institutions upon request. The data base allows the collection, storage and retrieval of data on local companies and affiliates of transnational

corporations. Since 1987, the software package has allowed users to retrieve corporate data on individual companies or groups of companies based on home countries, industrial classification or a combination, as well as entering and updating information in a standardized format. The package underwent extensive modifications in 1989 and currently allows the user to introduce new variables or to report items, to introduce new companies in addition to those supplied by the Centre, to exchange data with other users and the Centre, and to update their own data bases with imported data through a menu-driven interface.

93. The Centre also utilizes data bases on compact discs readable by microcomputer to have immediate access to selected financial and economic data, as well as textual information for over 4,700 major transnational corporations world wide, 12,500 leading United States companies and 115,000 private companies from the United States. The Centre's own data bases on individual transnational corporations are fully maintained in its local area network of personal computers. The data base on the basic financial and economic indicators of the largest manufacturing and extractive transnational corporations has been integrated with the Centre's corporate affiliation data base into a single menu-driven software package, operational in either personal computer stand-alone or personal computer local area network versions. The data base, including software and data, can be made available upon request and has been installed in government institutions and other official institutions as part of the Centre's information services. The data base allows for multiple retrieval of corporate data on the basis of home and host countries, line-of-business classifications and combinations of these variables. Since the data base provides for the possibility of entering and updating data, the installation of the data base in developing countries makes the collection of data on the activities of transnational corporations in those countries convenient.

94. The Centre has started developing a directory and data base on services transnational corporations. It includes the company's vital statistics, short write-ups describing the corporation's historical background, organizational structure and products and markets, with special focus on foreign components of operations. It also contains lists of the largest firms in each service sector and short industry profiles.

95. During the first year of operation, 16 services sectors have been covered, with a compilation of approximately 200 corporate profiles. The coverage of services sectors will be expanded to 40 for the second year. The first edition of the directory will be published and updated regularly.

96. For the second public hearings on the activities of transnational corporations in South Africa and Namibia, which were held at Geneva in September 1989, the Centre prepared a report entitled "List of transnational corporations with interests in South Africa and Namibia" (E/C.10/AC.4/1989/8). Expanding on the format of an earlier list submitted to the 1985 public hearings, the report contained five tables listing (a) transnational corporations that had disposed of their equity interests in South Africa and Namibia, (b) transnational corporations with interests in South Africa, (c) transnational corporations with interests in Namibia, (d) transnational corporations in the process of disposing of their equity interests in South Africa and Namibia and (e) transnational corporations that had

reduced their equity interests in South Africa and Namibia. The criterion for inclusion was whether a company had a direct or indirect equity holding of more than 10 per cent in one or more companies in either of the two countries, through a joint venture with a company in either country, or through a branch. The tables have been updated on a continuous basis.

(c) Information on policies, laws and regulations

97. In response to the request of the Commission on Transnational Corporations, the Centre has continued to update a comparative study of existing national and regional legislation and regulations enacted for the purpose of regulating the operational activities of transnational corporations. In 1989, volume VII of the publication entitled National Legislation and Regulations Relating to Transnational Corporations 9/ was issued. The volume includes 18 countries, covering areas such as main investment legislation, foreign exchange control regulations, technology transfer, fiscal incentives and taxation, and investment guarantees. The document has proved useful to foreign investors and Governments interested in the legislation of developing countries.

98. The Centre is continuing to develop a computer-based indexing and retrieval system on policies, laws and regulations. The Centre has collected and classified a list of legislation relating to foreign direct investment from Asia and the Pacific, Latin America and the Caribbean, the Middle East and North Africa, and Africa. The Centre is also collecting investment legislation from Western and Eastern European countries. This list will be ready for publication in 1990 as part of the directory on foreign direct investment and transnational corporations.

(d) Information on contracts and agreements

99. The Centre has continued to collect contracts and agreements negotiated between developing countries and transnational corporations. The Centre has an extensive collection of petroleum and mining agreements, which includes over 700 petroleum agreements and 200 mining agreements. A project has been undertaken to index 200 petroleum agreements, with the intention of placing the information on a computer data base in order to access specific provisions negotiated by various petroleum corporations and developing countries.

100. Many developing countries have asked the Centre for information on model agreements in order to assist in the drafting of contractual agreements. The Centre has provided sanitized agreements from other countries and relevant documentation to assist those countries. The Centre is in the process of placing 200 contracts on a computer legal data base system indexed by contract classification and sector in order to facilitate the retrieval of contractual arrangements collected by the Centre. The legal data base will include contracts on joint ventures, licensing, financial management, technical assistance and turnkey agreements in various sectors, such as agriculture, communications, engineering, forestry and tourism.

(e) Information on information sources

101. The Centre continued to provide information on sources of information needed for its programmes of research and technical assistance and fulfilled requests for information from Governments and other end-users.

102. The following printed material was issued in support of the dissemination of information on information sources: (a) Transnational Corporations in South Africa and Namibia: A Selective Bibliography, 10/ a 100-page classification of books, articles and United Nations documents, prepared as an input to the second public hearings on the activities of transnational corporations in South Africa and Namibia, which was organized by the Centre and held at Geneva from 4 to 6 September 1989; (b) "List of UNCTC consultants' reports, 1974-1989", a 600-page list of the mission and technical reports prepared by consultants engaged by the Centre, providing access to the information by author, country and subject-matter; the reports are available for consultation by qualified users; (c) "Current books and articles on transnational corporations", a monthly list of recent literature world-wide on transnational corporations and foreign direct investment; (d) four annotated guides to major printed and computerized sources of country, company and legal information available in the Centre, and other information services of the Centre. In addition, the Centre continued its recurrent publication of lists of its documents and publications, including List of UNCTC Sales Publications, List of UNCTC Workshop Papers, Documents of the United Nations Centre on Transnational Corporations and List of Documents of the UNCTC Joint Units with the Regional Commissions.

103. Computerized sources for the dissemination of information include the microcomputer-based TRANCIS (Transnational Corporations Information Service) system to store, process, retrieve and disseminate textual information on transnational corporations and foreign direct investment using the micro-CDS/ISIS software package developed by the United Nations Educational, Scientific and Cultural Organization. The purpose of the system is to provide a vehicle for the dissemination and exchange of data of interest to national Governments, building on the information technology (i.e., microcomputers and the CDS-ISIS package) already installed in the field.

104. The pilot version of the system has been installed at the Centre and is now undergoing testing and evaluation. At present, three data bases are accessible through the system, providing references and abstracts, respectively, to: (a) literature of the past five years dealing with transnational corporations; (b) consultant reports; (c) workshop papers. The data bases can be scanned by sophisticated search techniques to provide lists of citations tailored to user needs. Copies of the data bases and the customized application software will be made available free of charge to qualified users when the system enters its operational phase in 1990.

105. The first output of the system consists of lists of books and articles on aspects of foreign direct investment in each of the countries to be covered in the

planned directory of data on transnational corporations, which is being prepared by the Centre. The lists will be included in that publication.

106. In addition to the above-mentioned information systems, sources and services developed in-house, the Centre has also significantly expanded its access to commercially produced data. In certain cases, this has more than doubled the information sources that can be used for the service of Governments. Such services have included: (a) access to an international data base gateway, which allows the Centre to search, inter alia, data bases on European-based computers; the number of data bases thus accessible from the Centre in 1989 increased from 320 to 750; (b) subscription to the full text of over 330 periodicals in electronic form, which has increased sevenfold the number of professional journals available in-house in support of the research, advisory and information services provided to member States; (c) access to company information, both financial and textual, on microcomputer-readable compact disks; this has been expanded to cover over 12,500 United States public companies and 115,000 private companies.

(f) Services

107. In 1989, the Centre continued its work on the directory and data base of the world's 500 largest service firms. The directory will be published in 1990. It builds on the Centre's effort initiated in connection with the Fourth Survey of Transnational Corporations in World Development. To account for the heterogeneity of the services sector, the directory will be organized by individual service industries; for each of the 37 service industries covered, brief company profiles will be developed for the 10 to 12 largest firms and two or three small and medium-sized firms. The focus of the profiles will be on the transnational operations of services firms, specifically the nature and extent of their involvement in developing countries.

108. The directory attempts to fill in the gap existing in data collection, which has focused thus far on industrial transnational corporations and has neglected transnational service corporations despite their growing prominence in the world economy. It will provide a data base for systematic research on transnational service corporations and contribute to the Centre by being at the forefront of policy research on the growing role of service firms in economic development.

109. The Centre does not undertake any other separate data collection effort on services. However, within the components of its comprehensive information systems, more attention is being paid to services, data base emphasized stocks and flows in services, and information on laws and regulations emphasizing the policies in individual services industries.

(g) Environment

110. The Economic and Social Council has requested the Centre to gather data on existing sources of information on technologies that are environmentally hazardous and the availability of alternative technologies and to make recommendations on transferring these alternatives to developing countries. The Centre has initiated a study on the feasibility of creating a United Nations information dissemination

system on hazardous technologies. At present, there is no entity within the United Nations that has an information dissemination system on hazardous technologies and their less hazardous alternatives. The Centre proposes to establish a directory of hazardous technologies, a compendium of information on conventional technologies and hazards. The directory would be linked to the Network on Law and Non-Waste Technology, newly established by the United Nations Environment Programme's Industry and Environment Office (IEO) and the UNIDO Industry and Technology Information Bank. The directory and the UNEP/IEO network would be computerized for ease of data storage and response. An alternative for developing countries that have not installed a computerized system is to request, in writing, information on specific hazardous technologies and their less hazardous alternatives.

2. National information systems

(1988-1989 programme element 3.6)

111. The Centre continued to respond to requests from government institutions for assistance in developing and refining national information systems on transnational corporations, with a view to increasing the effectiveness of those systems. In addition, various avenues were explored on how to enter into co-operative efforts in this area. The Centre has also provided assistance to several developing countries in establishing the various components of an information system on transnational corporations. In one case, the Centre assisted a governmental organization in the definition of guidelines for the design of a multiple data base system covering various aspects of foreign investment. In another case, the Centre has provided a governmental institution with a system to register transfer-of-technology agreements.

112. On the basis of the recommendations made during the workshop on developing national information systems, which was held in May 1988, an attempt is being made to develop a core of information to be incorporated into a national information system.

113. The Centre is preparing a manual for government officials on the information needs and sources of developing countries on transnational corporations. The scope of the manual is covered in the report of the Secretary-General entitled "Transnational corporations: a manual of information needs and sources" (E/C.10/1989/15).

3. Roster of experts

(1988-1989 programme element 3.7)

114. The Centre's roster of experts attained a wider degree of application with the development of an internal publication on the usage of consultants for advisory and for training projects. This data base, which classifies previous consultants used in individual projects, is intended to assist in the selection process of suitable experts for technical co-operation projects, as well as for research assignments.

The Centre also continued to expand and maintain the roster to ensure proper selection and the wider geographical distribution of experts used.

4. Response to ad hoc requests for information

(1989-1990 programme element 3.5)

115. The information collected, analysed, processed and stored in the Centre's information system is used to respond to ad hoc requests for information. Tables 5 and 6 show the number of requestors and the distribution of information requests by category and type (table 5) and by subject (table 6).

116. The number of such requests received in 1989 was 2,019, an increase of about 5 per cent over the previous year. To this number should be added short queries, usually requested verbally (2,415), for a combined total of nearly 4,500 requests. Short queries increased by 15 per cent over the previous year; the larger rate of growth is a reflection of the larger number of staff and consultants associated with the Centre who regularly use information services.

117. One third of the substantive information requests received by the Centre are from government offices of Member States. Governments are more likely than other categories of users to request and receive in-depth information services provided by the Centre, ranging from assessments of the creditworthiness of a company to detailed information on contracts and agreements. In particular, Governments of developing countries frequently request company information, while Governments of developed market economies concentrate on macro-data (e.g. foreign direct investment flows) and political and social issues related to the activities of transnational corporations. There has been a marked increased (10 per cent) during the past year in the number of requests originating from those Governments, an indication of the relevance of the work of the Centre.

118. In terms of subject distribution of requests, information on industries and transnational corporations continued to account for over one third of the total requests received. Requests for macro-data showed a marked increase (over 15 per cent), which reflects the growth of use by developed country Governments of the Centre's information services. Requests for information on laws, regulations and contracts also increased by 5 per cent.

Table 5. Requests, by category and type of requestor, 1989

	Requests made by													
	Governments		Intergovernmental organizations		Trade union organizations		Business organizations		Academic institutions		Media and public interest groups		Total	
	No.	Percentage of category	No.	Percentage of category	No.	Percentage of category	No.	Percentage of category	No.	Percentage of category	No.	Percentage of category	No.	Percentage
Developing countries	209	30	19	8	69	66	23	11	85	18	64	24	469	23
Developed market economy countries	426	61	35	13	16	15	188	89	327	69	161	60	1 153	57
Socialist States of Eastern Europe	63	9	--	--	8	8	--	--	31	7	20	8	122	6
International organizations	-	-	213	80	12	11	--	--	31	7	19	7	275	14
Total	698	100	267	100	105	100	211	100	474	100	264	100	2 019	100

Notes: A dash (—) indicates that the amount is nil.

A hyphen (-) indicates that the item is not applicable.

Percentages do not necessarily add to totals, because of rounding.

/...

Table 6. Requests, by subject, 1989

Subject	Governments		Requests made by Intergovernmental organizations		Non-governmental organizations a/		Total no. of requests	Percentage
	No.	Percentage	No.	Percentage	No.	Percentage		
Industries	128	18	77	29	160	15	365	18
Individual transnational corporations	159	23	60	22	146	14	365	18
Laws and regulations	63	9	17	6	93	9	173	9
Contracts	71	10	9	3	47	4	127	6
Macro-data	139	20	36	13	314	30	489	24
Codes b/	39	6	14	5	101	10	154	8
United Nations Centre on Transnational Corporations	43	6	16	6	85	8	144	7
Information sources	56	8	38	14	108	10	202	10
Total	698	100	267	100	1 054	100	2 019	100

Notes: Percentages do not necessarily add to totals, because of rounding.

a/ Including academic institutions, trade union and business organizations, the media and public interest groups.

b/ Including code of conduct on transnational corporations, international standards of accounting and reporting, code of conduct on transfer of technology, environmental issues etc.

V. REGIONAL ACTIVITIES

A. Joint Unit established with the Economic Commission for Europe

119. During the reporting period, the Joint Unit undertook the following research projects: (a) international co-operation agreements and international takeovers/mergers: central measures in current strategies of transnational corporations; (b) l'implantation des sociétés transnationales japonaises en Europe: structures et développements; (c) foreign direct investment and transnational corporations in services; (d) public development finance corporations as a central means in developed country government efforts to enhance foreign direct investment in developing countries.

120. The Joint Unit also directed and provided lecturing to a high-level workshop on negotiating and implementing agreements with transnational corporations, held at Port Moresby, Papua New Guinea, in March 1988. The Chief of the Joint Unit undertook advisory services programming missions to several Asian and Pacific countries in April 1988.

121. The Joint Unit assisted in the preparation of several seminars and meetings organized by the Centre in Geneva. The Joint Unit has also represented the Centre in intergovernmental conferences and meetings held in Geneva. The Joint Unit has continued to support the European Documentation Centre on Transnational Corporations. The Joint Unit has also maintained liaison with other international organizations and governmental agencies in Europe.

B. Joint Unit established with the Economic and Social Commission for Asia and the Pacific

122. During the reporting period, the Joint Unit undertook the following research activities: (a) impact of transnational corporations in the trade of selected primary commodities in the ESCAP region, funded by the Government of the Netherlands; (b) transnational technology for the ESCAP region towards the year 2000, funded by the Government of the Republic of Korea; (c) preparatory data collection and literature review for the project on transnational corporations and selected service industries of Asian and Pacific developing countries, funded by the Government of Japan.

123. The following technical publications and reports were completed: (a) The Socio-Economic Impact of Transnational Corporations in the Fast Food Industry, ESCAP/UNCTC Publication Series B, No. 134, Bangkok, 1989 (ST/ESCAP/638); (b) Environmental Aspects of Transnational Corporation Activities in Pollution-Intensive Industries, ESCAP/UNCTC Publication Series B, No. 15, Bangkok, forthcoming; (c) Asia-Pacific TNC Review, ESCAP/UNCTC Publication Series A, No. 6, 1989 (ST/ESCAP/746). The Expert Group Meeting on Environmental Management of Transnational Corporations in Pollution-Intensive Industries in the ESCAP Region, sponsored jointly by ESCAP, the Centre and UNEP, was held in Bangkok from 10 to 12 May 1989. The Joint Unit continued to collect, analyse and disseminate basic

information relating to the activities of transnational corporations in the region. The activities to further the development of national information systems on transnational corporations and the establishment of a regional information network continued with the formulation of a pilot project proposal for ASEAN and the preparation, jointly with the Centre, of the Directory of International Investment and Production.

124. Other ongoing projects of the Joint Unit that are expected to be completed in the course of 1990 include the impact of transnational corporations in the trade of selected primary commodities, and transnational technology for the ESCAP region towards the year 2000. A project on transnational corporations and selected service industries, with special reference to the telecommunications sector of Asian and Pacific developing countries, funded by the Government of Japan, is expected to be completed by the end of 1990.

125. The Joint Unit continued to contribute to the work of the Centre on various research activities, including research on foreign direct investment, transnational corporations and environmental management, transnational banks, and the socio-economic impact of transnational corporations. The Joint Unit assisted the Centre in organizing advisory and information activities, including the National Workshop on Transnational Investments in Malaysia, held at Kuala Lumpur from 13 to 17 November 1989. In addition, support was provided to technical assistance missions organized by the Centre in Thailand and in Viet Nam. The Joint Unit has also provided inputs to a number of international workshops, conferences and seminars on developmental, economic co-operation and transnational corporation issues.

126. During the period under review, advisory services were undertaken in China, Hong Kong, India, Indonesia, Malaysia, Papua New Guinea, the Philippines, the Republic of Korea and Singapore, to assist those Governments with projects relating to transnational corporations.

C. Joint Unit established with the Economic Commission for Latin America and the Caribbean

127. In the field of information, in collaboration with the Centre, the Joint Unit continued activities in preparing the World TNC Yearbook, with a view to (a) gathering relevant information from national sources, by means of selected correspondents; (b) developing a permanent regional network of focal points able to produce periodic and systematic information of a homogeneous and comparable nature; (c) identifying corresponding methodologies and working definitions in each country; (d) supplementing local correspondents' final reports with additional information available to the Joint Unit. These tasks have been undertaken with the collaboration of other divisions and regional offices of the Economic Commission for Latin America and the Caribbean (ECLAC) and the JUNAC secretariat. The first phase of the project will be completed in 1990, including the preparation of 11 Latin American country reports (Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Mexico, Paraguay, Peru, Uruguay and Venezuela).

128. The Joint Unit also undertook research in the following areas:

(a) Policy alternatives and experiences with regard to foreign investment. The case-studies prepared attempt to determine the relevance of foreign investment in the decision-making process for economic development in selected countries, focusing in particular on the debt crisis circumstances and their impact on policy formulation. These studies will be the basis for a global overview of the regional experiences. The policy analysis is expected to reach conclusions that will assist policy makers in the design and implementation of specific policy measures aimed at the improvement of foreign participation in national development. This project will continue in the biennium 1990-1991 with additional country case-studies.

(b) A study on Soviet Union-Latin American joint ventures, which is currently under way, will be ready in early 1990. It will survey the experience of Brazilian, Chilean, Colombian and Mexican companies.

(c) Impact of transnational corporations on industrial restructuring in Latin America and the Caribbean. The Joint Unit has initiated an analysis of the role and impact of transnational corporation behaviour on the transformation, modernization and international competitiveness of the manufacturing industry in Latin America. The main objective of the project is to derive conclusions and suggestions arising from regional experience for the purpose of assisting Latin American policy makers. Within the framework of this project, the Joint Unit will prepare technical reports on transnational corporations and technology transfer and a technical report on transnational corporations and the regional development of informatics.

(d) Transnational banks and national financial sectors. The study on transnational banks in the Chilean financial sector in 1988 was used as the model for the case of Brazil. The report on transnational banks in the Brazilian economy during the 1980s was completed in 1989.

(e) Transnational banks and the debt crisis. This project consisted of three elements: (i) finalizing the report of the Centre's interregional project on transnational banks; (ii) preparing an input to the Centre's project on the debt equity conversion handbook and (iii) tracking the debt restructuring process. A report entitled "Transnational bank behaviour and the international debt crisis" was published in Spanish in July 1989. An intermediate output study entitled "Debt equity conversion programmes: guidelines for debtors" has been completed.

129. A considerable share of the Joint Unit's activities in the biennium 1988-1989 was financed from resources outside the regular Joint Unit budget.

D. Joint Unit established with the Economic Commission for Africa

130. During the period under review, the Joint Unit continued to focus its efforts on research on transnational corporations within the context of the United Nations Programme of Action for African Economic Recovery and Development, with particular emphasis on the following areas:

(a) The role of foreign private investment in the financing of African development. The Joint Unit conducted two case-studies on the role of foreign private investment in the financing of development in selected African countries (Burundi and Burkina Faso). These studies examine national policies on foreign private investment and assess the role of institutional frameworks in connection with development financing, analyse the current role of foreign private investment in main sectors, identify areas and products with potential for further developments, evaluate the impact of past and present flows of private investment on national structural changes and propose policy options to be taken, with a view to improving the existing situation.

(b) The role of institutional mechanisms in promoting foreign direct investment. The Joint Unit prepared two case-studies on the role of institutional mechanisms in the promotion of foreign direct investment in selected African countries (Niger and Togo). The main purpose of the studies was to strengthen the capability of African countries in dealing with matters related to the promotion of investment in the sectors of major concern to the African region.

131. Another area of research was the role of transnational corporations in African trade, with special reference to primary commodities for export. The Joint Unit presented a report on emerging trends and recent developments related to transnational corporations in African trade to the Conference of African Ministers of Trade on Strategies and Policy Options for Strengthening Africa's Trade Sector.

132. The Joint Unit conducted a technical study on the role of transnational corporations in the development of informatics in Africa. This study is a part of the project to enhance the awareness and understanding of the African countries with regard to the implications of transnational corporation activities on technological development issues, including informatics. The study makes recommendations and suggests policy options and alternatives with a view to assisting African countries in taking appropriate measures for dealing with transnational corporations.

133. The Joint Unit also initiated a study on regional co-operation in the area of arrangements and agreements relating to foreign direct investment in the Economic Commission for Africa (ECA) region (i.e., the Central African Customs and Economic Union and the Economic Community of the Great Lakes Countries). The study intends to analyse African strategies and policy options relating to negotiations with TNCs operating within the economic integration groupings.

134. In the area of information collection and dissemination, in 1989, the Joint Unit issued Transnational Focus (No. 6). This publication is widely distributed in the region and keeps member countries informed about recent research on transnational corporations and related technical co-operation activities.

135. The Joint Unit continued to collect data and information on foreign direct investment for the directory on foreign direct investment and transnational corporations, to be issued by the Centre. In this regard, the Joint Unit has started to collect available data relating to the main transnational corporation operations in the African region. The Joint Unit also contributed to the Centre's project on the survey of accounting needs in Africa, with a case study on Ethiopia.

136. The Joint Unit assisted in a number of regional workshops organized by the Centre, including the African Regional Workshop on Toxic and Hazardous Wastes and the Regional Workshop on Development of Programmes on Transnational Corporations for African Universities. These workshops were attended by high-level officials and senior representatives from many African countries.

137. As in previous years, the Joint Unit also contributed to the training activities organized by the ECA secretariat for Namibian students by providing lectures on matters relating to transnational corporations.

138. The Joint Unit followed closely specific activities relating to technical assistance and advisory services which are being implemented by divisions of ECA in collaboration with the Centre (e.g., the compendium of regulations on foreign investment in intra-African trade, studies on the acquisition of new technology by African countries through transnational corporations, and hotel management contracts and the role of transnational corporations).

139. A number of advisory missions were undertaken to selected African countries. They included visits to Botswana, Burundi, Cameroon, the Central African Republic, Côte d'Ivoire, Gabon, the Gambia, Lesotho, Liberia, Malawi, the Niger, Rwanda, Sierra Leone, Zaire and Zambia. The major purpose of the missions was to review issues relating to the development of national information systems on transnational corporations, to assess the role of transnational corporations in development financing in Africa and to review issues relating to transnational corporation activities in specific areas such as regional arrangements related to transnational corporations and the role of transnational corporations in the development of informatics in Africa.

E. Joint Unit established with the Economic and Social Commission for Western Asia

140. During 1989, the Joint Unit submitted a report to the Economic and Social Commission for Western Asia (ESCWA) on the status of the negotiations on the draft code of conduct relating to transnational corporations, and other relevant regional and international arrangements and agreements (E/ESCWA/C.1/15/4/Add.8). The report reviewed the status of the negotiations on the United Nations code of conduct on transnational corporations as at the end of 1988, the development of international and regional conventions on investment guarantees and the impact of certain clauses of the Multilateral Investment Guarantee Agency Convention on some outstanding issues in the negotiations on the code of conduct on transnational corporations. The report also referred to the impact of the ongoing multilateral negotiations within the framework of the General Agreement on Tariffs and Trade on host countries' legislation relating to foreign investment.

141. The Joint Unit contributed to the servicing of the Intergovernmental Meeting on Trade in Servites and Development in the ESCWA region, held in Baghdad from 17 to 19 January 1989, which was organized by the Development Planning Division of ESCWA, and to the preparation of a final report (E/ESCWA/DPD/89/IG.1/10/Rev.1). The meeting reviewed international transactions in services and their relevance to

development in the region and discussed the role of transnational corporations in the internationalization of services. Progress in the Uruguay Round of multilateral negotiations on services was also reviewed, with particular reference to the interests of developing countries.

142. During the reporting period, the Joint Unit provided services to the Pan-Arab Intergovernmental Meeting on the United Nations Efforts Towards the International Harmonization of Accounting and Reporting by Transnational Corporations, which was held in Baghdad on 19 and 20 November 1989. The meeting was informed of the activities of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting. The meeting also reviewed the situation in the Arab world with respect to disclosure requirements. The meeting adopted resolutions concerning (a) the objectives and plan of action, (b) the setting up of national committees on standards of accounting and reporting and (c) the request that the United Nations system increase its technical assistance in the area.

143. The Joint Unit and the Centre co-sponsored a workshop, organized by ESCWA and the Industry Division of UNIDO, on negotiating and contracting for the acquisition of technology, equipment and materials, held in Muscat, Oman, from 18 to 28 October 1989.

144. A major research project on Arab petrochemicals and rising protectionism in the developed market economies: the European Community, was begun in 1989. The research outline was discussed with concerned Arab regional and national organizations and establishments. It will be completed during 1990 with the co-operation of the Joint Unit established with ECE.

145. Data collection on foreign direct investment in the ESCWA region was started in early 1989 but was discontinued as at mid-1989 owing to the relocation of the staff member in charge of the project. The work of the Joint Unit on information-gathering relating to transnational corporations operating in the region continued to be hampered by the lack of computer equipment.

146. In August 1989, the Joint Unit was strengthened by the addition of a senior staff member on assignment from the Centre. This will allow the Joint Unit to develop a number of technical assistance projects, much needed in the region.

Notes

1/ Official Records of the Economic and Social Council, 1989, Supplement No. 10 (E/1989/28/Rev.1), para. 53 (b).

2/ United Nations publication, Sales No. E.89.II.A.18.

3/ United Nations publication, Sales No. E.89.II.A.4.

4/ United Nations publication, Sales No. E.89.II.A.15.

Notes (continued)

5/ Transborder Data Flows and Mexico (ST/CTC/72); Data Goods and Data Services in the Socialist Countries of Eastern Europe (Sales No. E.88.II.A.20); Foreign Direct Investment and Transnational Corporations in Services (Sales No. E.89.II.A.1); Services and Development: The Role of Foreign Direct Investment and Trade (Sales No. E.89.II.A.17); Transnational Corporations and the Growth of Services: Some Conceptual and Theoretical Issues (Sales No. E.89.II.A.5).

6/ United Nations publication, Sales No. E.89.II.A.14.

7/ United Nations publication, Sales No. E.89.II.A.6.

8/ John Dunning and John Cantwell, eds., Directory of Statistics of International Investment and Production (New York, New York University Press, 1987).

9/ United Nations publication, Sales No. E.89.II.A.9.

10/ United Nations publication, Sales No. E.89.II.A.13.